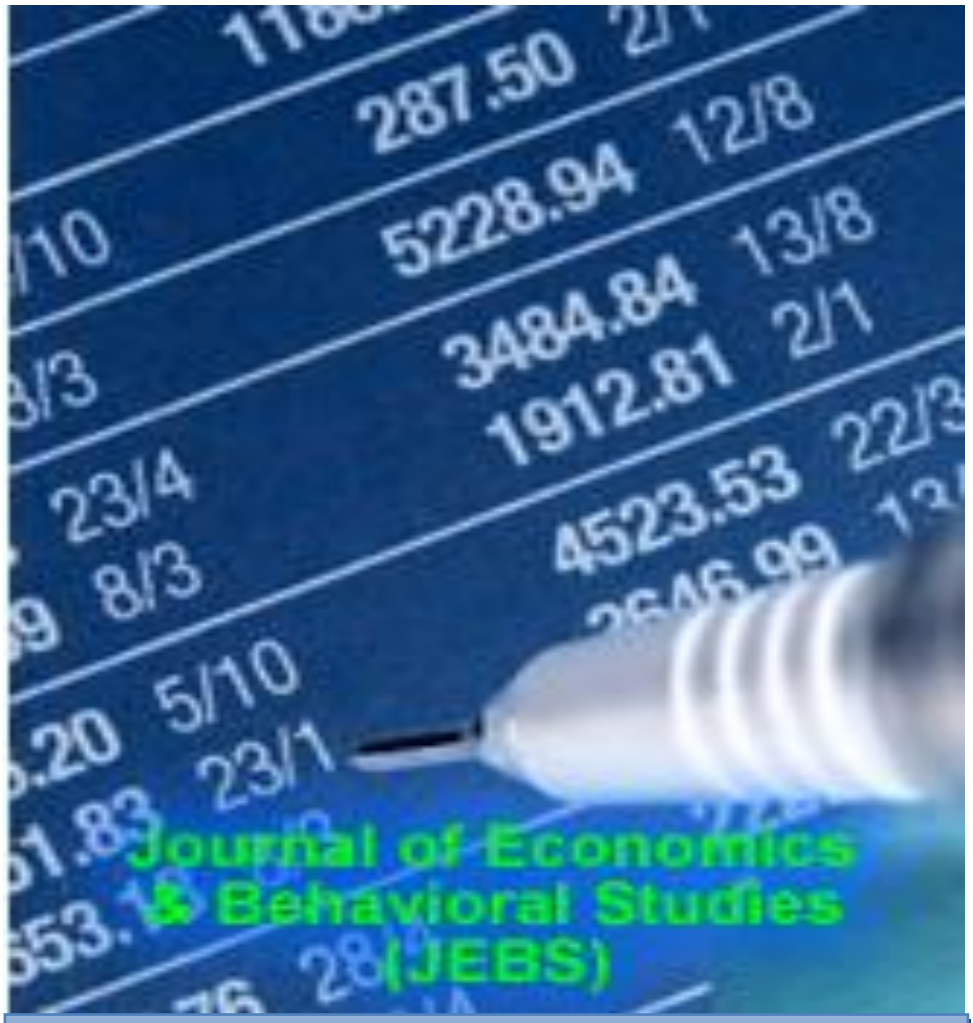

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Editorial

Journal of Economics and Behavioral Studies (JEBS) provides distinct avenue for quality research in the ever-changing fields of economics & behavioral studies and related disciplines. Research work submitted for publication consideration should not merely limited to conceptualization of economics and behavioral developments but comprise interdisciplinary and multi-facet approaches to economics and behavioral theories and practices as well as general transformations in the fields. Scope of the JEBS includes: subjects of managerial economics, financial economics, development economics, finance, economics, financial psychology, strategic management, organizational behavior, human behavior, marketing, human resource management and behavioral finance. Author(s) should declare that work submitted to the journal is original, not under consideration for publication by another journal and that all listed authors approve its submission to JEBS. Author (s) can submit: Research Paper, Conceptual Paper, Case Studies and Book Review. Journal received research submission related to all aspects of major themes and tracks. All submitted papers were first assessed by the editorial team for relevance and originality of the work and blindly peer-reviewed by the external reviewers depending on the subject matter of the paper. After the rigorous peer-review process, the submitted papers were selected based on originality, significance, and clarity of the purpose. The current issue of JEBS comprises papers of scholars from Bangladesh, Saudi Arabia, Indonesia, Sri Lanka and Japan. Women-the Best of Creatures in World: Are They Upholding the Premise, Misbehaving: The Making of Behavioral Economics, A Systematic Literature Review for Distinguishing Tax Terms, Equity and Efficiency in Women-Empowered Contract Farming and Transitioning MSMEs to the Normal Tax System were some of the major practices and concepts examined in these studies. The current issue will therefore be a unique offer where scholars will be able to appreciate the latest results in their field of expertise and to acquire additional knowledge in other relevant fields.

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TABLE OF CONTENTS

Description	Pages
Title	I
Editorial	II
Editorial Board	III
Table of Contents	IV
Papers	V
Women-the Best of Creatures in World: Are They Upholding the Premise? Akim M. Rahman	1
Misbehaving: The Making of Behavioral Economics by Richard H. Thaler: Critical Evaluation & Review Turkiah Alotibi	12
A Systematic Literature Review for Distinguishing Tax Terms: Equality, Equity, Justice, and Fairness Neni Susilawati, Gunadi & Ning Rahayu	19
Equity and Efficiency in Women-Empowered Contract Farming: An Explanatory Case Study on the Tea Estate Sector of Sri Lanka Sajitha Dishanka, Takeshi Sakurai, Yukio Ikemoto	40
Transitioning MSMEs to the Normal Tax System Neni Susilawati, Syadesa Anida Herdona, Vallencia Lim & Choirunisa Nadilla Safitri	55

PAPERS

Economics and Behavioral Studies (JEBS)
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Women-the Best of Creatures in World: Are They Upholding the Premise?

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Abstract: Women are the best of creatures no matter what part of the world they reside in. However, the premise is being questioned because of the high rise of divorce rates in many parts of the modern- world where humankind behaves with a business mentality in work, life and activities without reservation. In reality, the collapse of marriage is not a sudden event. It happens at an onset moment. It is a process during which various factors lead to a decision- for divorce. The purpose of this study was to build a theory about the process of divorce, which can be suitable to all cultures or faiths without reservation. All factors involved in the process are categorized into two parts: Expectation-factors and Causal-factors. The net profit (NP) staying in the marriage is calculated based on the weight assigned by each spouse for each Expectation-factor. Net-loss (NL) is calculated based on the weight assigned by each spouse for each Causal-factor. The difference between NP and NL guides a spouse or both for a decision on opportunity correcting errors or living separately but no divorce or divorce. The findings of this study can be helpful to professionals gaining better knowledge on extending help for their reunion or smooth divorce approach for the betterment of both. It can further be helpful to authorities responsible for divorce prevention and improving marriage-relationship by counseling based on the result(s) of this study emphasizing their future plans. It can be helpful recovering wives' or husbands' shortcomings without letting the other party knows about them. This framework can be helpful to wives sharpening its qualities, which can be helpful upholding the premise, *Women the best of the creature*. Thus, the answer to the question posed in the title depends on who we ask.

Keyword(s): *Self leering & correction, Family separation, Breakup, Separation but not yet divorced, Counseling and Divorce*

1. Introduction

With changing times, the role of women in society has acquired new dimensions. It is palatable saying that women are the best of creatures no matter what part of the globe they live in the 21st Century-world. The reasons are in many folds. They are the creators of life. As a woman, her roles are significant ensuring: be it a loving daughter, an affectionate sister, a supportive wife, a selfless mother or a mother-in-law. She is the contributor & nurturer in family and to loved ones that enable her to be magic-wand psychologically. Her contribution empowers her children. In return, the society they live in becomes powerful. She plays her roles simultaneously and effectively with charismatic approaches that are very much productive in this 21st Century modern world (Rahman, 2019c). However, in many parts of the world today, the philosophical premise, *the best of creatures*, is being questioned in a sense: whether they are upholding the premise? With the progression of technology, *especially*, the ICT and then opportunities for rapid changes in norms & customs of societies in the 21st Century *era*, this premise is becoming further vulnerable (Tokunaga, 2011; www.opinionfront.com). Traditionally, some bigots in human society have always looked upon women as *inferior* to men with expectations of submissive acts to men.

These extremists believe women do not have an individuality of their own. The traditional philosophy about women belongs to ancient eras except for philosopher Plato who said "if women are expected to do the same work as men, we must teach them the same things" (ThoughtCO.com). However, Socrates said, "women should have the same pursuits and activities as men, but in all of the women are *inferior* to men" (ThoughtCO.com). On *contrarily*, Plato Republic said, "Women and men have the same nature in respect to the guardianship of the state where one is weaker and the other is stronger". Relating to the philosopher's comment "one is weaker and the other is stronger", it is palatable saying here that the philosopher probably had meant it about biological aspects of human-body-formation. On inferiority issues, philosopher Aristotle went further and said "Women were fit only to be the subjects of male rule. Aristotle further said "Women are born to be ruled by men in a constitutional sense, as citizens rule other citizens (ThoughtCO.com). Since after the ancient-fanatics, over the periods as of today's modern world, there have been huge changes in the

progression of women's status in human society. In this journey, today women have voting rights. Today, while most countries or political-arenas tend to think that the role of women, in society.

It is as important as that of men when it comes to legal, educational, socio-economic, or religious matters. However, often some bigots tend to employ different yardsticks (www.Opinionfront.com). And now man-dominated political rings in countries of the world are taking advantage of this vulnerability (www.opinionfront.com). In an aim to benefit from this dichotomy, in some cases, women are utilizing their body magic in multi-faucets in the world of business-mentality without boundary (Rahman and Islam, 2021; Rahman, 2019c). In reality, 21st Century human-society lives in a complicated world of business-mentality country-wise where no mother feeds a baby unless the baby cries (Rahman, 2021d). And now man-dominated political rings in countries of the world are taking advantage of this vulnerability. It is no different in Bangladesh, the Muslim majority a southeast Asian country. Bangladesh is a three-tiered country where peoples' lifestyles, like in many Asian countries, vary from city areas to urban areas and then to that of rural areas. In practice, a rural environment has different lifestyles compared to that of urban or city areas. City(s), *especially*, the Dhaka-City lifestyle gets further murky. This is because there is always an upward trend that people prefer more to move into Dhaka for some appealing reasons no matter who we ask.

This upward-trend *scenario* influences the creation of mixed lifestyles, a combination of city and something other than the city. It is an undeniable fact that, from a socioeconomics perspective, location is important even within a city scope (Li, 2016). The nature of the neighborhood in which a person resides affects the set of lifestyles available to that person due to differences between various neighborhoods' degrees of affluence and proximity to natural and cultural environments. On this point, it would not be overstated saying that lifestyles of residents in cities namely Banani, Gulshan and Baridhara, etc. are relatively somewhat different than that in other areas in Dhaka - the capital of Bangladesh. This is because most of the foreigners in Dhaka reside in these three cities where most of their workplaces are located. Secondly, the living costs in these areas are comparatively higher. Thus, it is palatable to believe that most residents here face multi-culture backgrounds flavored lifestyles that tend to be liberal and is driven by mostly individual's monetary affordability. Relying on an exclusive report of the Prothom Alo on divorce issues, on September 3rd of 2018, the Daily Star Newspaper reported: "a divorce takes place every hour in Dhaka City" (Nowshin, 2018). Referring to data statistics reports published by the Bangladesh Bureau of Statistics (BBS), the newspaper further states that in the past seven years, the divorce rate has increased by 34 percent throughout Bangladesh (Nowshin, 2018).

From on City area perspective, as reported by the Prothom Alo, over 50,000 divorce applications were filed in Dhaka North and South City Corporations in the past six years where the total population was 8.5 million in the year 2017 (Hossain et al., 2018). Based on City Corporations records, the majority of the filers were female (Hossain et al., 2018). The high rising divorce rate is obviously alarming no matter what culture or faith we are talking about. From an economic perspective, marriage is a part of satisfaction in a competitive market where couples can be expected to derive more satisfaction or higher utility from being married than from remaining single (Becker, 1973). In his work, Becker hypothesized that lack of complementary attributes such as attractiveness, education; salary, etc. could well explain a significant chunk of separations or divorces among couples. On sociological as well as psychological aspects, individual lifestyle influences relationships of both personal and impersonal (Li, 2016). It transpires on a daily basis. As a result, the dynamics of such relationships are constantly changing. Thus various factors that dictate an individual lifestyle can be inside or outside of an actual relationship. These factors can contribute to a better relationship or can influence the relationship that can end up with a breakup (Rahman, 2019c).

Thus, with self-driven efforts & willingness, wives or husbands or both should have a list of factors that are, needed to make it better or needed to control for keeping healthy relationships in families. However, this kind of framework where wives or husbands or both can use it for assessment of probable factors helps to understand the direction of the relationship. But it was missing in relevant literature until now. This study takes on the challenges to fill this gap in the literature. It is expected that the proposed theoretical framework can help to change a couple's decisions, reducing anger towards other-half, stopping breaking-up-decision, or it can help on decisions resolving the marriage sooner than delaying for the greater interest of parties involved. This model or framework can be utilized without reservation of a culture or faith globally. In other

words, based on the model's facilitation of self-assessment empirically parties' can resolve the matter faster or can correct their own acts without letting other-half know about it. It begins with raising the question: why breakup or divorce happens? Is breakup or divorce an outcome of lack of complementary attributes? Is *business-mentality* over *approaches to reconcile* taking place when it comes to a separation decision or a divorce decision?

2. Literature Review

Family dissolution has long been regarded as an important issue socially and academically. Several theoretical approaches are relevant to establishing the causal relationships between some socio-economic and cultural factors and marital disruption (South, 1986; Li 2016). However, despite some literature on the influence of the determining factors on the divorce trends, most of them are concentrated in rich countries and the western world. And thus there is no agreement globally on the determination of marital dissolution (Rahman, 2019c). This is because cultures, laws of marriage/divorces, etc vary from society to society, country to country globally. Secondly, several recent empirical studies have examined how the determinants of marital dissolution or separation vary by marital duration (Becker et al., 1977; Heaton et al., 1985; Morgan and Rindfuss, 1985 and Thornton, 1978). These analyses are somewhat constrained by Western societies or developed countries basis and data limitations are therefore unable to examine whether many of them often-cited predictors of divorce or separation interact with the length of the marriage. Moreover, several of these studies limit their sample to couples in the middle or higher stages of the marital life course. However, in today's world, divorces are seen in the very early stages of marriages whereas South and Southeast Asian countries are very good examples. Obviously more theoretical and empirical studies on divorce and its determining factors in Asian countries are badly needed.

This is because the trend of divorce is widespread in South and Southeast Asia as it is in many developed countries. However, the rates of divorce in Pakistan and many countries are lower than that in developed countries (Mahmood et al., 2016). Thus the purpose of this study is to build a model, which allows us to test for time-related differences in how qualities or characteristics of wives, husbands and marriage contexts affect the probability of divorce or separation. Furthermore, it can be helpful to have a model in the relevant literature that can ensure either the wives or husbands or the both are facilitated for having productive discussions on knowing each other's short-comings in aim to overcome it for good. In other words, the proposed model can facilitate or help to know own fault(s) or factor(s) that are annoying the other half, i.e. wife or husband in the family. It is very important in the 21st Century era where both husband & wife are busy for survival competing with high-rise demands or desires for ensuring 21st Century market facilitation in multi-faucets. This study takes on the challenges to fill this gap in the literature. It is expected that the proposed theoretical framework can help change decisions, reduce anger towards other-half, stopping breaking-up-decision, which can be generalized without reservation of a culture or faith globally. In other words, based on the model's facilitation of self-assessment empirically parties' can resolve the matter faster than not letting the other sides know it.

Theoretical Basis: Going back to the growing-up-age-life of human beings, most would say that a man and a female fall in love with each other and then they get married and live happily after that. It might now sound to be a fairytale. Of course, life is not a fairytale. The truth is that many marriages end in divorce no matter what faith, society or country in the world individuals live in. This dichotomy-reality raises the question: why marriage and then why separation or why divorce?

Theory of Marriage: In 1973's, Gary Becker introduced the famous theory of marriage in terms of economics. Becker's analysis was based on two simple principles. First, given that marriage is almost always voluntary either by the couples or their parents. Therefore using the theory of preferences he explained marriage. Here couples or their parents can be expected to derive more satisfaction or higher utility from being married than from remaining single. Second, Becker held that a market in marriages can be presumed to exist since many men and women compete as they seek mates. Each person tries to find the best mate subject to market conditions. He draws out a theory of marriage that says that each person will tend to pair with someone with whom the chances of maximizing their household production of goods and services are

the highest. The set of household goods and services include tangible goods the market provides as well as non-market goods such as shared pastimes, or the joys of raising children.

The couple's level of satisfaction is determined both by market and non-market earnings. But, given that time and effort spent on raising market earnings can diminish non-market earnings, each couple uses economic principles to allocate the scarce resource of time. While spouses are likely to differ in market earnings, both theory and empirical evidence suggested likes tend to attract more when it comes to other attributes such as education or physical attractiveness (Becker, 1973). He argued such attributes such as education or beauty are complementary inputs in the production of non-market goods and services whereas wage income could be substituted by one partner for the other. The lack of complementary attributes could well explain a significant chunk of separations among couples, Becker hypothesized.

A Reality Check Based on Culture & Society-Wise: It would not be overstated to say that the marriage process is mostly driven by religion where marriage law guides it to be officially completed in a society they reside. Since cultural and religious variations in societies differ from one to other, the marriage process varies. Therefore, marriage has different forms, meanings, and structures in different cultures, religions and laws of society in which they reside. Such as in Muslim marriages, dowry or gift system is one of the segments under Shariah that make the process different from systems of other marriages. However, it has been changing parallel to the passages of time. Today, in many countries, especially, western countries, two males or two females are allowed to be married and live happily after that. On the same token, dowry and its payment system are becoming one of the important factors that influence the divorce rate in most Muslim countries. The controversy begins with setting up the amount of dowry. In the 21st Century world, since humankind behaves with strategies of business mentality in work, life and activities (Rahman, 2017a; 2019b), the dowry system is becoming a profit or money-driven vehicle that influences the divorce rate in general. It further makes the separation or divorce process miserable for parties, especially, for male. In Muslim populous countries, marriage is different from the thing that is undergoing in Christian populous western cultures and societies. Gary Becker's assumption "marriage is almost voluntary" might not survive in cross-examination in many Muslim populous countries.

This is because firstly Muslim marriages are mostly dominated by the Shariah laws and then local marriage laws. Under Shariah, Marriage is a religious duty and is consequently a moral safeguard as well as a social necessity. Accordingly, as cited in the literature, Islam does not equal celibacy with high "taqwa" / "Iman". It is also mentioned, "Marriage is Prophet's tradition who so ever keeps away there from is not from amongst the Prophet". The choice of a partner should be the one with the most taqwa (piety). Secondly, Asian culture, especially, the rural culture sees the aged but single or unmarried people in criticized eyes. In other words, s/he becomes shameful in society if s/he remained single in a lifetime. However, like in many parts of the world, Muslim populous countries are experiencing an increase in divorce rates (Abolfaz, 2016). Most studies on divorce issues have tried to explore the factors leading to divorce. These studies have found out differences in education, occupation, unsatisfied or unmet expectations, and opinions along with the interference of relevant others into the couple's life. It is also challenging to know or identify exactly all the causes or factors that have prompted the decision for divorce no matter where the parties involved reside in the globe. Thus, the purpose of this study is to construct a computable paradigm on how a couple reaches the decision of getting divorced. More specifically, this study approaches to introduce a scientific-model entitled Theory of Divorce, which can be palatable to all cultures and religions underpinning marriage laws wherever the couple resides.

Theory of Divorce: A divorce is an event that affects couples, children, family members and the community where a divorce or separation cannot take place unless two people were officially married earlier. This dichotomy raises the question: why divorce? How does a spouse or both of the family decide for divorce? It is palatable to believe that humankind behaves with a business mentality in their works, lives and activities with others no matter what culture or society they live in. In this approach, humankind maximizes the satisfaction or utility of their investments or efforts and minimizes incurred costs or losses, which jointly derive them to be aggressive (Rahman, 2019b). The potency of this approach is higher in the 21st Century than that in the 20th Century, which was higher than that in the earlier Century and so forth. It is also

reasonable to say that situational variables can exert powerful influences over human behaviors in multi-faucets (Rahman, 2021c).

On the same token, one of the key elements of human behaviors is humans have a greater fear of loss than the enjoyment of success. It is well recognized that the collapse of a marriage is not an outcome of the decision based on a sudden event. It is the consequence of accumulated events in conjugal life where the husband or wife or both of the family have moved forward based on the calculation of benefits and costs of its actions, investments and future i.e. opportunity cost. Since humankind mostly leads his or her life on strategies of business mentality in work, life and activities, it is no different than that for any other decision-making process. These are all together, in aim to be on the benefit sides or to marginalize loss or pain incurred from being married, a spouse or both of the family decides to move forward with options. These options can begin with getting professional help and divorce can be the last option. This raises the question: what is the right time? What is the decision criterion that supports a spouse staying married but living separately or just getting divorced?

Your Expectation Loses Its Luster: Starting to forget why you got married, to begin with? This is definitely a sign that your marriage is heading toward the danger zone. It could mean one of two things. Firstly, both usually lead to the same unfortunate outcome, despite the fact that healthy marriages are critical to society and can benefit everyone involved including the community at large. As a reason, it could be that expectations were unclear to both of you, to begin with. Or it could be that one was unclear about the other one's expectations, to begin with. Either scenario enhances the importance of dating without questioning whether it is western or eastern culture or whether it is in Christian or Muslim populous countries. If vital checkpoints like objectives and a clear level of satisfaction or eagerness are missing, you could be spinning your wheels, spending unnecessary money, time, efforts, etc. and still not feeling fulfilled. Secondly, it could mean that you've lost your passion for fulfilling your expectations, one of the biggest propellers when times get tough. Without this drive, who or what else will push the spouse or family relationship forward other than thinking to live separately or move for divorce? In between the two, many options such as counseling, family level discussion, etc. can take place without reservation of culture or religious faith.

If none of the in-between options is working, you now face a dilemma of equivalent retaliation tit-for-tat behaviors in many faucets as they are categorized here as Causal Factors. Underpinning calculated results in most cases, your action may begin with sleeping separately in the same home. If this calculated result gets worse, your action reaches another level i.e. living separately but not divorced yet. This is because humans have a greater fear of loss than the enjoyment of being trouble-free. Secondly, since cultivating a solid marriage takes time & work and since you try to merge your lives evolved from many factors that can be a bumpy ride but still beautiful, this situation may inspire the spouse(s) to seek professional help. The presence of children, if any, in the family makes this approach faster & smoother for a better outcome. However, if no children, the utilization of the 21st Century ICT facilitation, especially, using social networking sites such as Facebook and then surrounding, especially, workplace-influences can slow down the efforts seeking for help. And then spouse (s) moves further with tit-for-tat behavior and then put forward new efforts for meeting new ones in the competitive market of marriage. In this scenario, dating no longer be a constraint even parties belong to Asian culture or Muslim religion where dating is prohibited or very limited in practice.

Factors Identification and Categorization: In an aim to capture all probable reasons or causes or factors that derive a spouse or both to get married and then in some cases move for divorce, this study identifies & categorized them in two categories. The first category is entitled Expectation Factors. It has sixteen components or factors. The other category is entitled Causal Factors, which has sixteen components or factors. These factors were identified from two different sources. The source was relevant literature on marriage & divorce in different cultures such as western, Asian and South East Asian cultures and different religions such as Christian and Muslim. The second source was a direct survey, which was conducted on selected recently-divorced male and female located in Dhaka City with the cooperation of Dhaka City Corporation (North), Zone-3. It is important to note here that a divorce will not officially be complete unless it goes thru the process and is approved by a local government entity such as Union Parishad or City Corporation. Spouses or both who ask for a divorce in Bangladesh are required to attend family counseling

(called Shalish Board) of welfare organizations before being granted a divorce decree without culture or faith reservation.

Expectation Factors of Spouses for being Together: They are the factors or reasons that influence getting married so that these expectations can be met on the way of living happily after in conjugal life. It is palatable to say here that dating might become instrumental in sensing what portion of the expectations could be achieved and what portion couldn't be. With this phenomenon, sometimes breakups between dating couples are observed in many cultures & faiths and obviously, it is not a big deal because it is considered to be a way of understanding each other in multi-faucets. On the same token, meeting these expectations can keep tight the couple in marriage. It is also reasonable to say here that the strength of each expectation factor may vary with the passage of time where some might be neutralized in aim to achieve other expectations. Or it might get bigger to recover from the previously lost one.
The following sixteen reasons or factors are identified as Expectation Factors where additional can be added or few can be deleted in the calculation process using equations as spelled out. However, the total number of Expectation Factors must be the same as the number of Causal Factors.
F_1 = Factors that can keep tight in marriage
Expectation of having companionship and hope to bond for life
Expectation of fulfilling religious obligation
Expectation of loving behaviors
Expectation of cooperative behaviors
Expectation of caring behaviors
Expectation of compensative efforts
Expectation of thankfulness to each other
Expectation of having children
Expectation of upholding attractiveness (first appearance)
Expectation of respectful each other
Expectation of truthfulness to each other
Expectation of financial supports
Expectation of overcoming social & religious barriers
Expectation of relieving family from family burden or pressure or anxiety
Expectation of sexual desire fulfillment in a trusting long-term relationship
Expectation of ensuring financial security for life

Causal Factors of Spouses on Separation: They are the factors or causes that directly influence the decision of a spouse or both to sleep separately in the same home or live separately or to divorce. These are Causal Factors that can ruin the strength of marriage where higher severity influences the decision faster. On the other hand, lower severity poses to linger the decision process where it may go away in the passage of time or it may accumulate and becomes a higher-severity influence. It is reasonable to say here that Causal Factors may appear before getting married in some cultures where dating is traditional and it might influence the breakup of the couple if these factors reach their severity. In Muslim or Asian culture, dating is prohibited or very much limited. Thus here Causal Factors are irrelevant before marriage or conjugal life. It is also noted here that the severity of the causal factor may vary in the passage of time where some might be neutralized or it might get bigger and reaches its severity level. The following sixteen causes or factors are identified as Causal Factors where additional can be added or a few of them can be deleted in the calculation process using the equations as given. However, the total number of Causal Factors must be the same as the number of Expectation Factors.

F_2 = Factors that can ruin the strength of marriage
Criticism / Defensive
Little time of husband spending at home
Domestic violence or violent behaviors
Gender role conflicts
Mistrust or suspicious each other or infidelity
Financial issues
Not satisfied emotional needs and infertility

Lack of empathy and companionship
Sexual dissatisfaction
Extramarital affairs
Substance abuse
Conflict with family-in-laws
Dowry/gift related problems
Unemployment of husband
Humiliated by her husband in front of others
Personality problems

Decision Criterion of the Spouses: Mathematical calculation that derives humankind decisions underpinning the theme of business mentality for work, life and activities with other(s) are as follows,

$$\prod_{economic} = EVA = NP_{\text{being married}} - NL_{\text{staying married}}$$
$$= \Sigma P_i (f_{1i}) - \Sigma L_i (f_{2i})$$

Where

EVA = economic value added

$NP_{\text{being married}}$ = net profit staying in marriage → net satisfaction being married

$NL_{\text{staying married}}$ = net loss for staying married → net loss for staying married

Where

P = profit or satisfaction staying in marriage and f_{1i} = each Expectation Factor

L = loss for staying married and f_{2i} = each Casual Factor

In this case, EVA is the measure of male or female or both satisfaction or benefits by deducting its losses from staying in the marriage. EVA can also be referred to as economic profit. This is because it attempts to capture the true economic profit or worthiness of a male or a female or both households.

Three decision criteria are

$\prod_{economic} > 0$ → stay married and live together

$\prod_{economic} < 0$ → seek for divorce

$\prod_{economic} = 0$ → stay married but live separately

In this theoretical approach, the woman, or man or both who would decide to dissolve her or his or their marriage will become the observer since she or he or both will be the most competent to report on what was critical for them in arriving at that decision.

Significance of this Contribution: In the relevant literature, most studies exploring the divorce process and developing theoretical frameworks have been carried out based on a particular culture or faith, which cannot be generalized to another culture or religion (Abolfaz, 2016). Thus, the main purpose of the study was to explore the process of reaching the point of decision on identifying own fault, affording for discussion with other-half for compromise or correction errors or decision on divorce from the viewpoint of all cultures or all faiths, not just one culture or faith. So that it can be instrumental to build a mathematical paradigm of divorce: Theory of Divorce. Since this contribution is one of a kind and since it was not introduced in literature before, this paradigm is expected to be an addition to behavioral intention theories in literature where comments are welcomed. In addition to expected comments, an empirical investigation is carried out to cross-examine the paradigm.

3. Methodology

Eighty respondents were selected in Dhaka City, Bangladesh with multi-cultures and faith backgrounds as a primary data collection source. Respondents in primary data consist of twenty (20 + 20) married homes, twenty divorce males and twenty divorce females and were given copies of the questionnaire at random, which they will fill and return to the researcher. The questionnaire consisted of items covering sixteen possible reasons or factors for marriage and sixteen possible causes or factors of divorce as mentioned in the literature on divorce. Here twenty married homes represent forty respondents where they are: twenty males and twenty females. To maintain confidentiality & accuracy in response, both husband-wife will respond separately using 5 points Likert Scale. The primary data statistics in this study were collected using a survey questionnaire and 5 points Likert Scale for scoring each factor in both categories. More specifically the

respondents were well informed on how to score for each variable in both categories. In the case of the Expectation Factor – 0 (zero) points were assigned if it hasn't been absolutely met yet and 5 points were assigned if it has been met to its fullest. In between this situation, the respondents had the option to score as they feel it appropriate. Similarly, in the case of Casual Factor – a 0 (zero) point was assigned if its strength is at the beginning stage and 5 points were assigned if its strength reaches its severity level. In between these two, the respondents had the option to score as they feel it is appropriate.

Study Population: The primary data were obtained from well-structured questionnaires and direct interviews. The study targeted twenty married homes (20 + 20), twenty separated men and twenty separated women in Dhaka City (North), Bangladesh without culture or faith reservation. Participants were randomly recruited through the Dhaka City Corporation- Zone 3. Spouses or both who file for divorce in Bangladesh are required to face Salish Board- facilitation by City Government or Union Parishad before being legally granted a divorce decree. Spouse or both who had filed for divorce and completed three sittings with the Salish Board and got approved for divorce contacted for completion of the survey questionnaire. Purposeful sampling was used to collect data. Participant selection, data collection, and data analysis continued until theoretical saturation was reached. Data collection was ceased after 5 of each group namely: home ((husband + wife = 5 x 2) divorced-male and divorced-female as it was clear that no new themes emerged. Before starting to fill out the questionnaire, participants were clearly informed about the purpose of this research and were ensured on privacy issues. With this clear message in hand, they were agreed to answer questions in survey form. They evaluated Expectation Factors as well as Causal Factors that are applicable to them. It must be noted here, assigning value for each factor was based on an assessment of how does he or she currently feels about it.

Data Collection Instrument: The instrument used for the collection of primary data on this study was a prepared questionnaire and direct interview. This questionnaire is divided into three parts. The items in the questionnaire were structured in such a way that would enable the respondents to assign scores as they feel or weigh for each factor based on the time they are filling up the questionnaire. In other words, the value for each factor will be assigned based on s/he is filling it up, not based on past or future.

4. Results

Demographics: Home group: 5 married and stay together couples were provided a questionnaire and interviewed in this study. The mean age was 31.15 for women and 35.2 was for men. In this scenario, few women were barely older than men. All couples worked out. In terms of education, three men had a master's degree and two had a bachelor's degree. Among women, one had a master's degree and three had a bachelor and one had a high school degree. The median length of marriage was 3.25 years. Four couples had children and one couple did not. All couple's dowry amount was significantly high.

Split 5 Group: Divorcing couples were provided a questionnaire and interviewed in this study. The mean age of the participants was 32.2 years old for women and 34.8 for men. In all 5 marriages, men were older than women (m = 5.25). Two couples were dual careers while the other three marriages husband & wife both worked out of the house. In terms of education, three men had a master's degree, two had a bachelor's degree. Among women, two had a master's degree and three had a college degree. The median length of marriage was 3.5 years. Three couples did not have any children and two of them had two children each. All couples had a moderate amount of dowry or gift provision. The demographic characteristics and calculations for decisions are summarized in Table 1.

Discussion

In Case of Home Group: The Home group of this study emerged as a journey to a bumpy ride but still beautiful, which was a summarized expression in interviews of this group. The outcome of these interviews further reveals that fulfilling Expectation Factors most of the time neutralizes unwanted agony between the two. In most cases, being thankful & compensative efforts to each other played significantly keeping them tight in a relationship. Financial Expectation and securities on future financial issues dominated their agonies in the home. It appears that most of the women's expectations in case of many factors were too high. In other

words, since extensive dating options were missing and at least three of the five had arranged marriage, these women were in desperations from the early age of their conjugal lives. In interviews, the Homegroup couples almost anonymously indicated about the annoyances caused one to other while using Facebook or similar to something else. However, they worked it out by addressing the issues. On Causal Factors, two couples had indicated probable cheating issues. However, it appears that they were trying to make them zealous each other. For example, one spouse clearly indicated that he was carrying other woman's picture in the wallet to make his wife zealous and was trying to give her a lesson.

Obviously, because of their truthfulness, they worked it out for fulfilling each other's Expectation Factors in the future. Another couple indicated that they had attended Quantum Sessions – psychological treatment sessions. The outcome of this was very helpful to their behavioral changes related to Casual Factors. Personality problems, criticism/defensive, suspect each other and humiliation in front of others, etc. were important for making changes of their Casual Factors in conjugal life. Overall, underpinning business mentality approaches, each family couple had positive EVA or economically based on their self-assessment using questionnaires. In other words, the accumulated net profit (NP) was higher than the net loss (NL) staying in the marriage. These calculations and balancing efforts are keeping them to be together and are enjoying the beauties of their marriages. The mean of NP was 51.2 for men and it was 53.6 for women. These values are almost equal, which suggests that men's and women's hard works in the relationship are comparative and competitive with good reasons. On net loss from Causal Factors, the mean of NL was 45.8 for men and it was 43.6 for women. The scores of mean NL for men and women were again close to each other, which suggests man women's hard work in a relationship are comparative with good reasons.

In Case of Split Group: The split group of this study emerged as a journey to marriage collapse. This journey conveys the meaning that reaching the point of decision to divorce is not an onset and sudden decision. Instead, it is a process, which is made during the passage of time. Couples started their journey with a lack of understanding of each other's Expectation Factors. On Causal Factors, couple's dysfunctional attitudes about self, spouse, families, life, children, etc. were emerged in conjugal life. On top of this, some personal characteristics such as being irresponsible, not tolerant, and self-centeredness influenced as other steps toward the journey of marriage collapse and increased the gap between the couples.

Table 1: EVA Outcome and Decision based on Participants' Assessment of Two Categorized

Group	Participant	Age	∑ NP	∑ NL	∑NP - ∑NL	Decision
	M_1	37	51	43	8	Stay in marriage
	F_1	30	56	40	16	Stay in marriage
	M_2	42	45	43	2	Stay in marriage
	F_2	34	48	43	5	Stay in marriage
	M_3	33	64	44	20	Stay in marriage
Home	F_3	34	60	45	15	Stay in marriage
	M_4	32	48	40	8	Stay in marriage
	F_4	34	48	45	3	Stay in marriage
	M_5	32	48	48	0	Stay in marriage but live separately
	F_5	27	56	56	0	Stay in marriage but live separately
	M_1	35	44	64	24	Divorced by man
	M_2	36	42	56	14	Divorced by man
Split	M_3	37	40	56	16	Divorced by man
	M_4	33	40	64	24	Divorced by man
	M_5	33	38	62	24	Divorced by man
	F_1	33	42	64	22	Divorced by woman
	F_2	31	48	64	16	Divorced by woman
Split	F_3	33	38	80	42	Divorced by woman
	F_4	36	38	56	18	Divorced by woman
	F_5	28	32	64	32	Divorced by woman

Factors: Expectation Factors and Causal Factors

Overall, underpinning business mentality approaches, each family couple had negative EVA or economically based on their self-assessment using questionnaires. In other words, the accumulated net profit (NP) was lower than the net loss (NL). On top of this outcome, the positive effort for balancing out was missing in couples' conjugal lives. As a result, the relationship had entered into danger zones. Therefore, rather than enjoying the beauties of marriages, they had engaged in tit for tat behaviors and finally they got divorced. The mean of NP was 40.8 for men and it was 39.6 for women. These two values are almost equal, which suggests that men and women both were aggressive in tit for tat behaviors in their conjugal lives. On net loss from Causal Factors, the mean of NL was 60.4 for men and it was 65.6 for women. Here NL means value for women was higher than NL mean value for men, which suggests men's aggressiveness was stronger than that of women. See Table 1. In summary, in this case, the marital system was unable to function correctly, so letting the couples farther away from each other. The consequences such as experienced lack of mutual entertainment, fulfilling the expected roles, communication, informing each other on decision making, etc. were found among the troubled couples. Financial issues also caused long hours working and increased dissatisfaction and tension.

Recommendations on Ways to Curtailing the Magnitudes of Divorce Rate: It is well recognized that the trends or rates of living-separately or divorce are significantly higher than before in today's human society. However, an unhappy marriage doesn't have to end in divorce. With this goal in mind, this study was undertaken and accordingly, an effective-decision framework has been developed, which can be utilized by wives or husbands or both in a family for check & balance from time to time. More specifically, following the guideline as noted in this study, both should prepare a list of Expectation-factors and Causal-factors. And let each other knows about it. And let the other half know about it for discussion on discrepancies. Sound like it is workable within educated families by themselves. What about those who do not have literacy enough? Overcoming this limitation, marriage-services or marriage-counseling organizations can facilitate using this framework.

Also, in practice, while individual files for divorce, under Divorce-law in many countries such as Bangladesh, the authority requires officially contacting both parties and facilitates for discussion in aim to dissolve the matter. Thus, the authority may wish to follow the framework or model that has been developed in this study. On the same token, based on calculation, the authority can justify its ruling, which can be convincing & meaningful to parties involved. Besides counseling services underpinning the findings of this study, the following factors or practices can be advised for ensuring tranquility in marriage life. In other words, the following steps can save a marriage from divorce.

a. Accept partner's feelings.
b. Validate partner's feelings.
c. Retreat in aim to overcome the dilemma.
d. Discuss and make new rules with common grounds.
e. Appreciate partner's good works and be with a partner in partner's psychological sufferings.

5. Conclusion and Recommendations

Women are the best of creatures no matter what part of the world they reside in. However, the premise is being questioned because of the high rise of divorce rates in many parts of today's world where business mentality in work, life and activities dominates human behaviors for making self-correction, efforts for compromise or even in process for divorce. The collapse of a marriage is not a sudden event that happens at an onset moment. It is a process during which various components lead to the collapse of marriage. The purpose of this study was to build a theory to identify the determinants or factors that are causing problems for wives or husbands or both even though each may know it or not. It can be suitable to all cultures or faiths without reservation for resolving a problem or for decision wives or husbands or both. All factors involved in the process are categorized into two parts: Expectation Factors and Causal Factors. Net profit (NP) staying in marriage can be calculated by self assigning weight for each of Expectation Factors and similarly, net loss (NL) can be calculated by self assigning weight for each of Causal Factors.

The difference between the two calculated values can guide a spouse or both for the decision on divorce. The findings of this study can help the professionals to gain a better knowledge of how a spouse or both divorcing couples view their experience of deciding on divorce. Also, the findings of this study can help authorities responsible for the prevention of divorce and improving marriage to consider the result of this study in their plans, and perform efficient and culture-based programs. These programs can help recover wives' or husbands' shortcomings without knowing other parties about it, which is very important in today's world where self-respect is seen to be more important in human society. This framework can be helpful to wives sharpening their characteristics or qualities for preserving the premise of Women as the best of the creature. In this process, wives' own efforts and wiliness are very important, which can discourage today's bigots' behaviors. Overall, the outcome can help prove "Women are not inferior to men" in today's modern world. Thus, the answer to the question posed in the title of this article depends on who we ask. Further empirical studies could provide new insights into this issue.

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Misbehaving: The Making of Behavioral Economics by Richard H. Thaler: Critical Evaluation & Review

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Abstract: Thaler's ability for writing has resulted in a book that is a mix of his experiences as a faculty member, anecdotes from other economists he encountered along the journey, and a background in Behavioral Economics. Richard Thaler provides an analysis of how subjective factors influence decision-making in matters related to the economy and personal finances. The subject of "Misbehaving" is one of dominance and special interests; its power that economists were refusing and defending against the possibility of being irrational. Reading "Misbehaving" is recommended for those who want to understand how psychology influences decision-making with money and the economy, and for those who want to understand Behavioral Economics. This review will look further into evaluating the concept of irrationality and decision-making in behavioral economics.

Keywords: *Behavioral Economics, Irrationality, Misbehaving, Decision-making, Nudging, Self-interest.*

Background: Richard H. Thaler is an American economist who received the Nobel Prize in Economics in 2017 for his work in Behavioral Economics. The author discusses the content of 447 pages with very good humor and personal and didactic examples that make the reading quite dynamic and understandable. He analyses the implication of the Neoclassical Economic premise that almost everyone in the economy is rational, rather than the reality that individuals are often irrational and emotional. To illustrate the differences, the author always makes a comparison between a person at risk of failure and irrationality and a fictitious person who makes decisions solely and exclusively rationally, called by him Homo Economic us, or Econ. The didactic examples are, in the majority, realized from the comparison between the actions of an irrational and those of a rational individual, in similar situations.

Misbehaving is structured across 8 chapters, which bring readers historically throughout Thaler's educational life, beginning as a graduate student at the University of Rochester with a deep interest in how humans act in the real life. Readers are exposed to Thaler's reflections about how he and well-known economists in the area, such as Daniel Kahneman and Amos Tversky, founded Behavioral Economics along the journey. Thaler has set for himself the mission of filling the gap between theoretical concepts and reality. His ideas spread widely in 2008 with the publication, of Nudge, a book he co-authored with Harvard attorney Cass Sunstein that quickly became a political phenomenon used as a kind of guide to manipulating people to behave in a certain way.

Beginnings 1970–78: In his book "Misbehaving," Richard Thaler claims that economists replaced homo, sapiens with a fictitious species named "Homo Economic us." Thaler will shorten "Homo Economic us" to "Econ." Economists always make the best reasonable judgments when all relevant facts and options are considered. Thaler believes that Econs do not accurately represent human beings, since our self-interests can drive irrational decisions. Irrational decisions occur because people are always discovering something new, and this influences their judgments, leading to errors and predictions that impact decision-making. Thaler referred to economic models designed by Neo-classical economists, as “optimization theories”. Although economics is perceived as the most sophisticated of the social sciences.

Due to its mathematical and logical foundations, however, Econs do not reflect real-life practices; chances are that optimization theories ought to make bad predictions. A clear example is the failure of economists to predict the financial crisis in 2007-2008. The poor prediction of the financial crisis by the economic theories is driven by its assumptions that financial bubbles are impossible to occur. Too often, economists reject this criticism and errors by referring to them as Supposedly Irrelevant Factors (SIFs). Examples are The Endowment Effect and The Sunk Cost. Experiments and studies have proven that individuals give huge value to what they feel attached to (or their “Endowment”) more than what could be part of their endowment. Nevertheless, sunk costs are costs that have already been paid.

For a certain project or activity that cannot be recovered. Economists' emphasis that decisions should not be influenced by sunk costs. However, Thaler emphasizes that individuals repetitively reflect on what they spent, by simply using the rules of thumb known as "heuristics" to make decisions. Expecting people on daily basis to occupy complex analysis in situations (even in business-related issues) is an unrealistic vision for humans who are obviously "irrational". Thaler states that we might not throw the optimization theories away, but we must eliminate their logic in our predictions. Optimization theories can be a good starting point for more realistic theories. Optimization Theories may work if problems are basic or the people in charge have full attention when approaching the problem (these circumstances remain exceptions). Eventually, economic models consistently remain behind when personal decisions are involved.

Loss Aversion (Prospect Theory): To consider these "SIFs", Thaler introduces "Prospect Theory" by both Kahneman and Tversky. Prospect theory is based on the following points:

Diminishing Sensitivity: The frequency of receiving something can make its impact fall down.

Part II: Mental Accounting 1979–85: Thaler investigated in Part II how individuals think about income. He initially called it "Psychological Accounting," but after consulting with Kahneman and Tversky, he renamed it "Mental Accounting."

Opportunity Cost: For Econ, decisions are being taken by examining all possibilities. However, Thaler argues that it is not realistic to compute infinite alternatives by human beings. Usually, humans select a couple of options to choose from. People who are occupying the Econ will need to meet their ends and spend extra time questioning opportunity costs and money allocation.

Transaction Utility: People take into account not just the quantity and utility maximization, but also the entire quality of the transaction. When you spend three times the usual cost on food during a football game, the meal has a negative trade utility (i.e., a thief). Similarly, individuals are willing to pay different prices depending on where they buy an item. People are fine with paying higher rates in a luxury hotel, for instance, since individuals realize the costs have increased there, the ambiance may be better, and they may even be pleased with the expenditure. Transaction utility describes why individuals rarely acquire anything that would provide them with happy times for the rest of their lives. Perhaps people, unconsciously, believe it is not a great price and would not want to carry the burden of being overcharged. However, on the other hand, we frequently purchase items that we will never use since they appear to be a fair deal. That is why stores constantly adjust sale prices to give consumers the impression that they will be getting the best deal. Econs, on the other hand, will never enjoy transaction utility.

Sunk Costs: Individuals wear something that they no longer enjoy, but they ordered them and feel robbed if they do not utilize them. This is an illustration of sunk cost. Humans incur sunk costs as a result of mental accounting. When you purchase something else and utilize it, your mental accounting becomes neutral. However, if you end up spending money on it and then do not use or appreciate it, it seems like you wasted your money. If, on the other hand, you need what you paid for, it seems like you got a great price, and people prefer that. Certainly, the more we spend on anything, the more we strive to keep it underutilized and avoid throwing it out. Obviously, classical economists could never consider sunk costs.

Delayed Consumption & Mental Accounting: Whenever people purchase anything to consume afterward, their mental accounting is thrown off. Thaler states that ordering pricy wine that we might use later sounds like such an asset to several individuals instead of expenditure. But then when people use it subsequently, it appears as if they did not spend a penny on it. "Invest now, drink later, and spend never." Holiday timeshare businesses use the same mental inconsistencies to make consumers believe they will invest in potential vacations.

The House Money Effect: The house money effect flips most people's risk aversion on its head. People who have won millions or received money unexpectedly are referred to as having the "house money effect." In such a circumstance, proper mental accounting is thrown out of balance, and individuals pause for a moment to sling cash around again, taking additional risks and gambling that they would never undertake with their

own money. As a result, when non-professional gambler begins to gain, they get considerably greedier and take rather more risks using the new "house money". Individuals who have earned money in the stock market engage extra aggressively, believing that they will not lose their own money.

Break-Even Effect: Additional SIF, not only for Econo-based models but also for broader psychologically focused prospect models, are the actions that people display while they lose but still have the ability to break even. In that case, people are willing to take on greater risks in exchange for the chance of recovering earlier losses. Whenever people lose yet have the opportunity to break even, this is referred to as the Break-Even Effect. People are prepared to take more risks to recover from their loss, even if the risk may not be a wise decision.

Part III: Self-Control 1975-88: Economic models implicitly assumed that self-control difficulty did not exist. That would be yet another inconsistency between economic theory and actual practices in life. In this chapter, Richard Thaler criticized economists and their more sophisticated conceptual frameworks, indicating that people have become more logical and intelligent as well. Economic theories lack self-control; they essentially presume individuals are completely rational and optimized for the long term. The recent trend in the economy is to employ complex mathematical models that do not take human psychology into consideration. Humans would eliminate enticing signs to deter poor behavior, and this cannot be understood by traditional theories of the economy. Thaler emphasizes self-control and notes that numerous SIFs have been formed. Humans appear to be unable to restrain themselves, in contrast to the previous economy, which assumes that people are logical creations. That was because, as Adam Smith observed, humans are tormented by a conflict between desire and logic, feeling and reason. With the current theoretical perspective being unable to explain human issues with self-control, Thaler aimed to create a theoretical approach to manage such difficulties.

The approaches he and his colleagues build are centered on the “planner-doer” concept. An individual is made up of two "selves". The first one is a forward-thinking "planner" who seeks to glamorize and plan for the long term, while the second is a destructive "doer" that exists in the present time. Consider an institution in light of this well-established paradigm. On a more theoretical level, Thaler believes that relationships with companies resemble a principal-agent problem, which parallels the "planner-doer" on an interpersonal basis. In a principle–agent structure, the principal is the manager (often the shareholders and executives of businesses), while the agent is someone to whom power is given. Stress arises between the principal and the agent since the agent knows information that the principal does not have a clue about, and it is impracticable for the principal to supervise each and every decision of the agent. As a consequence of the principal-agent conflicts, the company implements a system of rules, protocols, and standards meant to eliminate potential conflicts. According to Thaler, all of these results and ideas show that using willpower involves work. People can recognize that they also have self-control issues but drastically underestimate their significance.

Part IV: Working With Danny 1984-85: Daniel Kahneman, author of Thinking Fast and Slow is often referred to as "Danny." Thaler offers further examples and evidence that individuals are not logical decision-makers in this section.

Fairness Perception: What makes a business deal appear "fair"? First, the endowment effect is connected to perceptions of justice. Both buyers and sellers believe they are entitled to particular trading terms and regard any degradation as an "unfair" loss. Persuading individuals to abandon their "status quo" is a difficult undertaking, even with "rationalizing" elements like economics and knowledge. Furthermore, the perceived fairness of an activity is determined not just by who it benefits or damages, but also by how it is presented. Consider the terms "sales" or "discounts." Because they differ from the "actual" asking price, these "good deals" might be viewed as good and highly fair. However, after identifying certain justice relationships, the next issue to address is whether people are ready to punish businesses that behave unjustly. Various experimental findings indicate that consumers detest unfair offerings and are prepared to suffer an economic loss to chastise those who provide them.

Part V: Engaging the Economic Profession 1986-1994: Thaler stated that data was growing drastically for economists to pay close attention to the classical economic theory gap. In Part V, Thaler addresses the equity premium, which is the premium that a riskier asset class, such as stocks, would pay over a less risky asset

class, such as bonds. Furthermore, the equity premium cannot significantly be fulfilled by economic theories' assumptions of rational individuals. Therefore, it is ambiguous whether people feel ethically obligated to make fair offers themselves. Ultimately, economists must adopt a more nuanced insight into the nature of humans-one that is not just controlled by reason. To account for such a large disparity, investors ought to be aggressively risk-averse.

Myopic Loss Aversion: Myopic loss aversion is the perception that refusing to gamble frequently may be compensated for by playing a game many times. That, according to Thaler, does not sound right. If your odds are excellent, you must be open to playing at least once. In Part V, Thaler reflects on the early history of behavioral economics. It was now time in 1985 for behavioral economists to challenge and argue against neo-classical economic believers. The argument started with classical economics arguing that rationality is required. The final topic covered was companies and dividend payments. Why would businesses punish stockholders by giving dividend payments? According to neoclassical economics, companies must not pay a dividend, although they do. A behavioral approach also adequately captures the way through which they compensate.

Finally, Thaler investigates the concept of "narrow framing." Narrow framing is related to a mental accounting topic: when are particular events, transactions, and activities considered linked and when are they considered apart? Studies and findings reveal that in businesses, events and activities are very often viewed and portrayed as independent units. Major developments and activities are frequently offered as independent projects. The emergence of several diverse initiatives subtly encourages CEOs to become risk-averse and narrow their alternatives. Both are known as "dumb principal" issues, and they are related to the principal-agent concept. The answer might be to urge managers to treat various projects as a portfolio and to create investment sets to persuade them to view interlinked, if this strategy is not adopted, the company will become overly risk-averse.

Part VI: Finance 1983-2003: According to Richard Thaler, the area where the "homo economics" is most widely employed and most established is the stock industry. Along with all the financial institutions, the capital institutions' effectiveness is at stake. As a result, if psychology and behavioral economics could demonstrate that stock markets are likewise irrational, the findings might no longer be disregarded. "If you can make it in New York (financial markets), you can make it elsewhere," Thaler sarcastically says of Frank Sinatra.

The Efficient Market Hypothesis: Two assumptions underpin the efficient market hypothesis:

- No such thing as free lunch.
- You cannot outperform the market.

Thaler argues once more that the rational theory structure should not be entirely dismissed and that it provides a good reference point. However, when it comes to describing why events actually operate, the theory is indeed not reasonable.

Financial Markets are Irrational: Stock investment, as advocated by the author of "The Intelligent Investor," Benjamin Graham, can operate and may yield better profits. However, no approach should produce greater outcomes than another if economies were truly rational, proving once again that stock markets are inefficient and irrational.

Part VII: Welcome to Chicago 1995-PRESENT: When Thaler attended the University of Chicago to lecture, he aimed to investigate how well the multidisciplinary areas of law and economics may be altered in the context of modern behavioral economics findings. In general, Thaler advocates a form of "libertarian paternalism" to address classic economic and legal policy considerations. Ultimately, adopting libertarian paternalism would require the development of mechanisms in businesses and government entities that would encourage individuals to think strategically while enabling them to make errors. Several people were opposed to this proposal.

Nevertheless, Thaler contends that all these criticisms overlook the complexities and variations between libertarianism and paternalism, among many other types of it. Furthermore, Thaler lists a number of examples of behavioral economics in real-life practices, such as a mess at the University of Chicago involving professor office allocations, players' choices in the National Football League, and guest selection in a TV game show. These cases give massive support for behavioral theories despite undermining orthodox economics' arguments. SIFs obviously have the potential to become a criterion for individuals to make their judgments, making SIFs more important than classical economic notions in some scenarios.

Part VIII: Helping Out 2004-Present: By the mid-2000s, behavioral findings had gained scientific acceptance, and Thaler began to apply behavioral concepts to practical problems. Thaler's major focus has been on developing strategies to assist individuals in saving for retirement, given that orthodox economic principles and the approach to retirement accounts have significant flaws. Thaler has been criticized for blatant paternalism and compulsion after pushing for libertarian paternalist alternatives. Thaler responds with an essential response to this claim. To begin with, keep in mind that libertarian paternalism provides a complex response. On the one hand, considering the complexity present in almost every choice made in life, individuals can sometimes be allowed to make even similar to optimum conclusions. Yet even though people make mistakes, everyone appreciates the ability to choose.

Thus, libertarian paternalism promotes primarily giving individuals a "nudge" in the correct direction. Such nudges never cure all issues; they merely incentivize humans to come up with solutions in the appropriate way by implementing specific structures and norms. In short, the potential of behavioral economics seems promising. Thaler has formed the Behavioral Insights Team with Rohan Silva of the United Kingdom Conservative Party (BIT). The BIT strives to improve the effectiveness and efficiency of the British government as well as to suggest new policy theories. To this point, the findings acquired from studying the BIT have proven beneficial to the study of behavioral economics overall. Thaler, on the other hand, emphasizes that governments and companies may exploit behavioral sciences for self-serving and malicious agendas. It is critical that behavioral studies be used cautiously within businesses in the future.

Critical Evaluation

The Key Concepts and Structure: This book is a biography of the behavioral economist Richard Thaler. Non-economists may find the content scholarly or overburdened with eco jargon. This book is about how people and organizations make decisions, not in an abstract world of pure rationality, as many economists assumed years ago, but in a real-world where people have emotions, make mistakes, and procrastinate. I like that the book gives numerous insights, which are presented with a good mix of anecdotes and data. Thaler acknowledges that reading scientific research articles is a chore, and his contempt for the complicated content may have motivated him to publish a book in a straightforward manner. The parts on the endowment effect, mental accounting, and the exploration of bubbles and stock market behavior were some of the best parts of this book. The book is fun to read and teaches us a thing or two in simple straightforward English.

For someone who knows nothing about the Economy, I learned key concepts that I can relate to or better understand people around me. Nevertheless, it is great to learn the back stories behind the important growth stages of the field of Behavioral economics. Surprisingly, it took a long time before someone came out and said that not all humans are perfectly rational and capable of making the right economic and financial decisions 100% of the time. One of those who thought this was Richard Thaler, and it led him to be a part of developing the discipline of behavioral economics. The weak side of this book is that the presentation of the examples could have been sharper. To put it into perspective, I wish that Thaler first presents and explains the concepts at the beginning of every chapter and then dives deeper to elaborate on them using various examples. But in Misbehaving, Thaler begins with stories and examples with the concepts intertwined within them. This led me to get engrossed in the stories and forget the concept being discussed at first.

The Author and the Field: This book is much more about Thaler's professional life and the name-dropping of famous people with whom he has worked. I have about as much respect for the field of "Behavioral Economics" as I do for Psychology in general, both are pseudoscience that does not result in effective/useful models of real-world problems and offer misleading solutions that are grossly inadequate. I do not see any

incredible leaps in economic policy resulting from behavioral economics, just as I do not see significant improvement in mental health resulting from psychiatry. When I first heard the term "nudge" – which many believe to be the peak of behavioral economics. I thought it was an intriguing idea, but that these types of nudges are nowhere nearly as prone to changing the world as its passionate proponents claimed. I believe that the field has a propensity to exaggerate and make generalizations based on limited research conducted in quite varied contexts, frequently in educational circles. It's remarkable that Thaler was reporting on what appears to be his perspective as though it were evidence.

We won't realize how important nudging is in governmental decisions till it becomes involved in major economic concerns (e.g., Inflation, taxes). It's no surprise that nudge units throughout the world are crucial to governments' propensity to prioritize nudges above other effective policy options. But small nudges are never enough; they aren't going to eliminate taxes or bring an end to catastrophic risk tolerance. The best empirical studies in the field using Nudge theory leave room for questions such as: why we are still here suffering from a modern financial system and hoping to be perfectly acclimated one day? For a topic that is so influenced by emotions VS facts, this is a problem. Everyone does insane things with money since we are all new to the money game, and what appears insane to one may sound right to another. Nevertheless, nobody is insane; humans prefer to rely on experiences that tend to be reasonable at present. There are very few individuals who would make their financial arrangements on a spreadsheet; most people make up their mind at the dinner table or in a setting with personal background, your unique vision of the world, ambition, and ego all combined to form a storyline that fits for you.

Luck and Risk are both manifestations of the fact that every decision in life is influenced by factors other than the personal effort to act rationally. They are so identical that you cannot believe in one without also engaging the other. These can occur since the universe is too complicated to enable 100% of your choices to determine 100% of your consequences. They are both pushed by the very same dynamics. I believe we cannot be either rational (as the Eco-classical Economist) believe because that would make us like machines, but we are also not irrational (as the Behavioral Economist) believe since we hold reasons for our decisions that are embedded and cannot be explained since the economy has a random pattern. I believe that people, in general, build different levels of risk (averse or tolerance) based on the following reasons:

- People that grew up poor and people that grew up in affluent families do not have the same perspective on decisions related to money (risk).
- People that were born during a period of high inflation & taxes will not make the same economic decisions as people that were born during a period of stable pricing.
- Our lives have been molded by diverse backgrounds, but yet in extremely convincing situations.

This living experience that Thaler called irrationality is like the gyroscope of our own life because we can simply see that we would not understand the experience that Thaler called involuntary action and irrational decisions being in control and being ourselves unless, in opposition to that, there was something else we could not realize and control and instead of will, we won't. When people are living unwanted things, it is hard to believe that they have been given free will and that their choices are being honored because it is hard to believe that someone would choose something horrific or horrendous. People justify that by denying that they are not making those choices. Thus, it feels like it is something that is being done to them; because not one of us who would acknowledge that "I would do these unspeakable things to myself" thus it makes us believe that there must be some other factors involved, some source of darkness or badness.

We come up with all kinds of reasons in our explanation of the unwanted things (e.g., irrationality). For instance, a universal rule as, when you squeeze something that comes out of it, is what inside it. (e.g., when you squeeze an orange, what will come out of it? AN ORANGE JUICE) Not too difficult, does it matter if you squeeze an orange in the financial crisis or in making decisions related to the stock market? The same principle will work here. Once the economic forces squeeze us into making decisions, what comes out of us is what is already inside us, it might be anger, greed, happiness, disappointment, but it is never irrational decisions. Few implications of Behavioral Economics study results are discussed in this review, which can leap the focus on extreme volatility in economic trends and the appropriate level of government expenditure.

While Behavioral Economics may give greater justification for gambling restrictions, an absolute banning is not always the best option.

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A Systematic Literature Review for Distinguishing Tax Terms: Equality, Equity, Justice, and Fairness

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Abstract: The organizational fairness literature is frequently used by fairness scholars to evaluate tax fairness models, conceptions, and measurements, even though tax fairness and tax justice are context-dependent and require further formulation. However, the generalizability of organizational justice studies to other domains and the extent to which context affects justice perceptions remain unknown. There is a dearth of literature that defines the terms tax fairness, tax equity, tax equality, and tax justice accurately. The purpose of this research is to distinguish between the tax phrases "fairness," "equity," "equality," and "justice." Additionally, the author refined the tax words inside the operationalized idea to produce more precise measures for future research. A systematic literature review was conducted as the research method, utilizing the PRISMA research approach and NVivo for qualitative data processing. As a result of the research findings, the phrase "tax fairness," which was previously believed to refer to a lesser degree of tax justice than "tax equity," is now used to refer to tax justice in a broader sense. Tax equity has the most extensive set of characteristics and indicators. Meanwhile, the word "tax justice" refers to a more specialized area of law and procedure, namely tax law. The phrase "tax equity" is included in the indicator "tax fairness," although the term "tax equality" is rarely used in the worldwide tax literature. The more distinct the tax terms, the easier it will be for the tax researcher to use terms like tax fairness, tax justice, tax equity, and tax equality correctly.

Keywords: *Tax Fairness, Tax Equity, Tax Justice, Tax Equality, Systematic Literature Review, PRISMA.*

1. Introduction

The organizational fairness literature is frequently used by fairness scholars to evaluate tax fairness models, conceptions, and measurements, although tax fairness and tax justice are context-dependent and require further formulation (Colquitt in Farrar et al., 2020, p. 12). The generalizability of organizational justice studies to other domains and the degree to which context affects perceptions of justice have not been determined (Farrar et al., 2020). While fairness is central to the popular discourse on tax policy, its meaning has expanded to encompass not only traditional equality and consistency of treatment, but also simplicity, accessibility, effect neutrality, and competitiveness (Baron in Stebbings, 2016, p. 286). Since fairness is a primary priority in income tax policy, many tax academics devote additional attention to its review. However, many tax researchers and academics are unaware of the distinctions between fairness, equity, equality, and justice in tax parlance. Thus, numerous works of literature attempt to utilize the term "fairness" with varying definitions or situations yet employ the same terminology. Indeed, ambiguities over the meaning of one phrase in relation to another are not unusual. The literature review is frequently the first piece of academic study and writing undertaken by new researchers.

They accomplish it by demonstrating their thorough understanding of the researchers in their field and their familiarity with their work. Additionally, they use the literature to support their studies. Furthermore, they use this review to contextualize their findings (Winchester and Salji, 2016). The purpose of this study was to establish a clearer distinction between the terms "tax fairness," "tax justice," "tax equity," and "tax equality." Additionally, the author refined the tax words inside the operationalized idea to produce more precise measures for future research. The operationalized concept of tax fairness will aid future research that needs to assess how well a tax policy is implemented in accordance with the fairness principle. As an application to practice and research, this study clarifies the distinctions between frequently used tax terminologies in the worldwide tax literature and demonstrates a more relevant context definition. Thus, this article can help clarify the perplexing nature of certain tax phrases. Additionally, this article expands on the concept of tax fairness so that it is clear where tax equity, tax equality, and tax justice stand in relation to tax fairness. By delineating the concepts of fairness, equity, equality, and justice, it will become easier to evaluate the level of justice in a tax policy in light of its context.

2. Literature Review

According to Papadeas and Sykianakis, tax equality is a component of the indicator of tax fairness. According to them, equitable taxation must be defined by both horizontal and vertical tax equality. Horizontal tax equality refers to the identical tax treatment under identical circumstances. Vertical equality entails varying tax treatment based on the conditions (Papadeas and Sykianakis, 2014). Stebbings defined a component of tax fairness as the elimination of loopholes and incentives that impose additional burdens on certain segments of the taxpaying society while allowing others to have lighter obligations (Stebbings, 2016). While some articles use the terms "tax justice" and "tax equity" interchangeably, they refer to the same thing: "a person's ability to pay taxes" (Evans, 1978). Stebbings refers to fiscal justice as a form of substantive equity (Stebbings, 2016, p. 286). Farrar uses the terms "tax fairness," "tax equity," and "tax justice" interchangeably throughout his literature search process while compiling a list of items to gauge tax fairness (Farrar et al., 2020).

3. Methodology

The research method utilized to create these conceptual notes is a systematic literature review (SLR), which incorporates secondary sources and synthesis of pertinent prior research. The form of SLR used is Meta-synthesis, which is accomplished through the use of the qualitative data processing software NVivo. To address the research issues, a qualitative meta-synthesis of the collection of publications is beneficial. This requires a comparative study of the publications' contents in light of the research questions, which results in a fresh interpretation of the findings (Dekker, Franco Contreras, and Meijer, 2020, p. 1208). To accomplish the research aims and to find answers to the research questions, this study utilized reputable online database sources, robust data retrieval and qualitative data processing technologies, and dependable methodologies for conducting a systematic evaluation of the literature (SLR). As with other studies, however, this one has limitations. Due to restricted resources, researchers cannot use paid papers (which are not available in open-source journals) when gathering articles.

The Publish or Perish (PoP) and Mendeley programs were used to collect and select literature. The PICO (Population, Intervention, Compare, and Outcome) technique is used for the literature search, while the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analysis) method is used for the reporting strategy. PRISMA is an evidence-based minimum set of items for reporting in systematic reviews and meta-analyses. PRISMA is primarily concerned with the reporting of systematic reviews evaluating the effectiveness of interventions, although it can also be used to publish systematic reviews with other aims (e.g., evaluating etiology, prevalence, diagnosis, or prognosis)) (PRISMA-Statement, 2021). The phases in reporting a systematic review using PRISMA are (1) identification, (2) screening, (3) eligibility, and (4) inclusion. Thus, PRISMA's stages for conducting SLR are as follows: defining eligibility criteria (Inclusive & Exclusive Criteria), defining the source of information (Electronic Database), selecting literature (Study Selection), collecting data (Collecting Data), and selecting data items (Extracting Data).

Search Strategy (Identification): The quality of the literature review is contingent upon the quality and relevancy of the analyzed literature. NVivo enables researchers to include a vast volume of material into the computer and quickly sort it into the sections that are most important to their study (O'Neill, Booth and Lamb, 2018). While there are other sources of information to explore, a search of electronic databases is frequently the first port of call (Petticrew and Roberts, 2006). The authors employed PoP and Mendeley tools to filter internet data and bibliography related to the issue throughout this literature search process (identification). The author used PoP to conduct a literature search, utilizing just Scopus as a database source and a time span of 2000–2021. Tax equity terms such as "tax equity" or "tax equality" or "tax fairness" or "tax justice" contain Boolean operators. PoP generates the maximum number of articles that it is capable of populating, which is 200. When those publications are ordered according to their "h index," it is possible to determine that the top 200 articles are the most cited. The same keywords were used without quote marks to do a literature search using Mendeley. Mendeley generated 870 articles on relevant topics in an unlimited amount of time. Thus, combining 200 articles from PoP and 870 articles from Mendeley results in a population of 1070 articles for authors to process.

Study Selection (Screening): The screening stage occurs after the literature has been gathered. The screening was conducted in stages in this investigation. The first screening is a Mendeley-based metadata review. Mendeley was used to consolidate all the collected articles. The article details from PoP were incorporated into the Mendeley database. Following that, the author revised the details of all the articles, resulting in the deletion of some. The auto-coded themes and sub-themes are prioritized according to their relevance to the research topic. Articles were omitted from the article population if they were not referenced because they were unrelated to the selected topics and sub-themes. After sifting through the referenced articles, it was discovered that several were duplicates and were thus omitted. As a consequence, as illustrated in appendix 1, 411 articles passed the auto code screening stage. In NVivo, the fourth screening was conducted using the "cluster analysis" function.

The 411 articles are classified according to their word similarity, using the "Pearson correlation coefficient" as a measure of similarity. Cluster analysis produces a dendrogram or cluster map that connects clusters of linked articles. At this point, the article will be deleted if it lacks a connection to other articles (i.e., it does not have a cluster). No articles were deleted as of a result of this filtering stage. As a result, the 411 articles were retained for further screening, as seen in appendix 2. The final (5th) screening in Nvivo was performed by verifying the code counts for 411 articles. In NVivo, reduction and elimination were applied to the output of automatic codification. Articles that do not contain a code following the auto code will be deleted. To ensure triangulation, a single code must refer to many article references. At this stage, no articles are deleted, as each article has a minimum of two codes. As a result, the 411 items remained to be processed to the next level, as illustrated in appendix 3.

Eligibility Criteria: After completing the screening procedure with data sources that contain abstracts and keywords, full-text publications are searched from sources that fulfill the criteria. Articles are downloaded from open-access journals and the websites of institutional and university libraries. In this instance, full-text articles were retrieved from the Universitas Indonesia Library's online database and relevant open-source periodicals. Journal articles, books, book parts, and these are all examples of documents. Mendeley was used to apply the full-text search criteria to the list of 411 articles from the screening step in NVivo. The findings are summarized in appendix 4. At this stage of eligibility, manual coding was employed to ensure that the whole text of the data source could be reviewed in detail to obtain all the essential information on the issue and the PRISMA checklist matrix (Areopagus, 2020). The author examines the articles inductively, one by one. All suitable articles are gathered into a new folder in NVivo called the Eligibility folder, where they will be processed further to the stage of "included."

Quality Appraisal (Included): The process of evaluating each study's procedures and findings is frequently referred to as critical appraisal, or "study quality assessment." This exercise is used in a systematic review to determine whether the study is adequate for answering the question (Petticrew and Roberts, 2006). After completing the eligibility stage, a cluster analysis was performed in NVivo on 157 eligible articles (appendix 5). As a result of an examination of each full-text article, six articles were deleted that had only a tenuous association with other articles on the dendrogram for a variety of reasons. The remaining 151 articles are organized into a folder labeled "included 1," as illustrated in appendix 6.

Data Extraction and Synthesis of Findings: Sometimes the research in social science systematic reviews is too varied to allow for such a statistical summary, and in the case of qualitative studies, in particular, alternative synthesis methods are more suited. In such instances, a narrative synthesis of the investigations is recommended indicated (Petticrew and Roberts, 2006, p. 164). To extract data from the 151 included articles, auto coding was used, which resulted in the identification of two pertinent themes, namely income and tax. A total of 67 files had to be eliminated because the article lacked any code. Auto code makes advantage of word frequency and text search, specifically the terms "tax justice," "tax equality," "tax equity," and "tax equity." The remaining 84 articles are organized into a folder labeled "included 2," as illustrated in appendix 7.

4. Result & Discussion

This systematic literature review aims to identify and describe more precisely the four dimensions of justice in taxation, which are typically articulated as fairness, equity, equality, and justice. The PRISMA approach was

used to create 84 articles, which were then analyzed in NVivo. To begin, we conducted a word frequency query on the 84 included articles to obtain a sense of how these four terms are discussed in the preceding literature. These four phrases appear in numerous publications discussing income tax and tax compliance. Additionally, the word cloud below illustrates the percentage of discussion of these four topics in the collected articles. The terms "fairness" and "equity" were used more frequently than "equality" and "justice."

Figure 1: Word Frequency of Query Result on 84 Included Articles

Furthermore, manual coding was performed inductively using the "text search" option to search for the keywords "tax fairness," "tax equity," "tax equality," and "tax justice." The author studied every article in the collection, defined the four tax words, and organized them into related codes. Following that, a word frequency query is run on the manual coding results. As a result, the phrase "tax equity" is the most frequently used in the global literature. Figure 2 compares the frequency with which these four terms are discussed in the collected articles.

Figure 2: Word Frequency of Query Result on 84 Included Articles

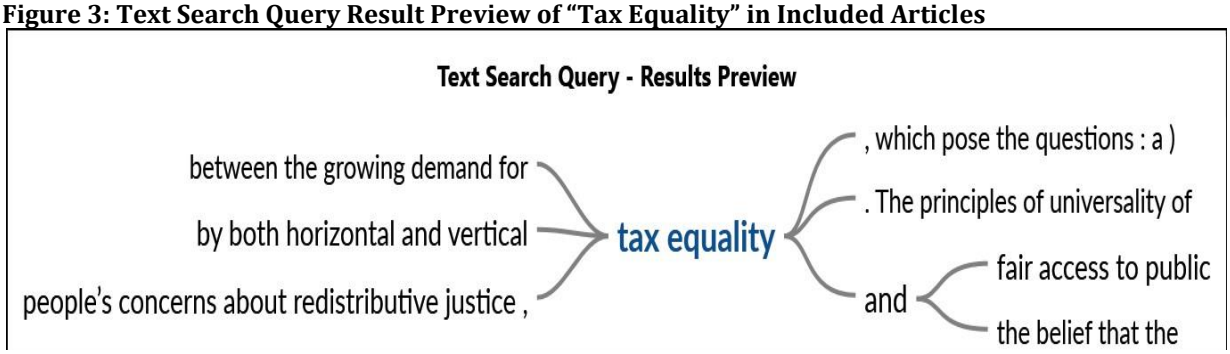
"Tax fairness" also has the broadest scope and has been discussed by several researchers to the more operationalization level of the concept. However, this article will describe the operationalization of the concept of "tax fairness" in more complete and detail than the previous literature. If sorted by the number of discussions in the literature, thus "tax fairness" is followed by "tax equity", then "tax justice" and the last is "tax equality", as shown in the table below and appendix 8. The following sub-chapter will explain in greater detail what past researchers have described each of these tax phrases.

Table 1: Query Results for Tax Equality, Tax Equity, Tax Fairness, and Tax Justice in Included Articles

Codes	Number of Coding References	Aggregate Number of Coding References	Number of Items Coded	Aggregate Number of Items Coded
Query Results\\Tax Equality	6	6	4	4
Query Results\\Tax Equity	219	219	23	23
Query Results\\Tax Fairness	555	555	36	36
Query Results\\Tax Justice	35	35	17	17

Tax Equality: There were only a few that the writers discovered in the literature that was filtered to include articles discussing tax equality. Indeed, Papadeas and Sykianakis stated that tax equity is a component in determining tax fairness. According to them, equitable taxation must be defined by both horizontal and vertical tax equality. Horizontal tax equality refers to the identical tax treatment under identical circumstances. Vertical equality entails varying tax treatment based on the conditions. The question is, how significant is the distinction (Papadeas and Sykianakis, 2014).

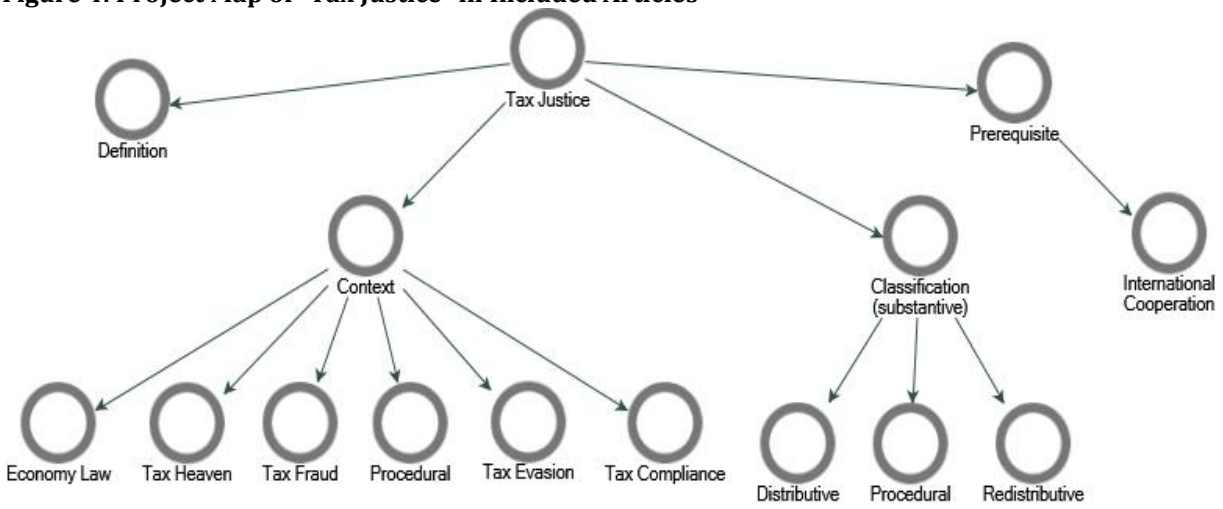
Figure 3: Text Search Query Result Preview of "Tax Equality" in Included Articles



Rakowski emphasized that tax equality in income tax is equality of contribution, not of sacrifice. Each taxpayer is required to devote an equal amount of each year's income-producing efforts to the government, under a proportional income tax (Rakowski, 2005). According to the table of tax fairness measurement variables (see subchapter of tax fairness), the tax equality definition and categorization above are included in the distributive fairness dimension which has two sub-dimensions (vertical equity and horizontal equity). Thus, there are similarities between the opinions of Papadeas & Sykianakis (2014) with Gerbing in Gilligan and Richardson (2005), Galle (2008), Lindsay (2016), and Farrar, et al (2020) that tax equality is one of tax fairness's indicators. In this term, tax equality is a synonym with tax equity.

Tax Justice: Tax justice has become a global political concern. There are four topics founded from the SLR on tax justice as described by the following image and appendix 9.

Figure 4: Project Map of "Tax Justice" in Included Articles



Stebbings defined part of tax justice with the elimination of loopholes and incentives that burdensome sections of the tax-paying society while allowing others to have lighter obligations (Stebbings, 2016). In defining tax justice, some articles use tax justice and tax equity terms for one common understanding that is "a person's ability to pay taxes" (Evans, 1978). Stebbings mentioned tax justice as a kind of substantive fairness (Stebbings, 2016). In developing a list of items to measure tax fairness, study also considers the terms tax fairness, tax equity, and tax justice as synonyms in the literature search process (Farrar et al., 2020). Regarding the context, tax justice is now guaranteed mainly through substantive legislation and court decisions (Stebbings, 2016). The global conception of tax justice should be defended when raising tax fraud issues. Tax fraud involves using various means to avoid paying taxes and obtaining unjustified payments (Compin, 2015). Tax justice network echoed by tax haven definition, any country or territory whose laws may be used to avoid or evade taxes which may be due in another country under that country's laws (Compin, 2015).

Knopff and Morton (1992) mentioned that fundamental justice is a term specifically chosen for a procedural, not a substantive provision (Farrar et al., 2020). Therefore, tax justice is believed as one of the factors that affect tax evasion behavior, besides social, psychological, and religious factors (Jun and Yoon, 2018). Tax justice is an important consideration in taxpayer compliance decisions. Wenzel (2002) claimed that taxpayers are more concerned about procedural and distributive justice than personal outcomes when they strongly identify with the nation. Frey and Feld (2002) believed that taxpayers' willingness to pay taxes will increase when tax officials treat them respectfully. Rechberger (2010) mentioned that if taxpayers perceive that rule-breakers are not properly punished, they may no longer feel obliged to adhere to the laws (Jun and Yoon, 2018). Tax justice term also exists in economy law (Compin, 2015), (Huerlimann, 2017), (Kinsey, Grasmick and Smith, 1991). The primacy of market self-regulation associated with soft law deconstructs the idea that the economic sphere can serve the redistributive justice of taxation (Compin, 2015). Tax justice is classified into three categories: distributive, procedural, and (Wenzel in Jun and Yoon, 2018, p. 3).

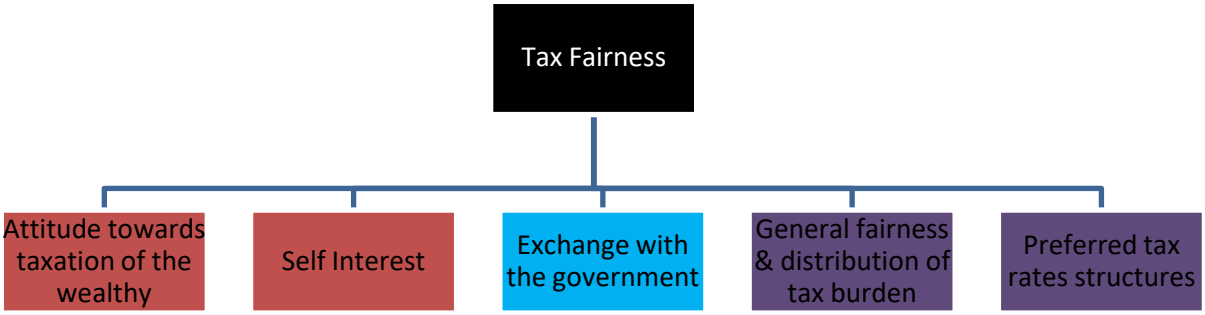
Distributive tax justice is concerned with the equitable allocation of benefits and expenditures as well as the equitable distribution of tax responsibilities among taxpayers. Distributive justice is a significant matter that must be treated seriously. Transparency in the utilization of tax money is necessary; advertising efforts should be utilized to tell the public about available services so that the equitable exchange of tax contributions for state services is obvious (Kirchler and Hoelzl, 2017). Tax justice is multidimensional, consisting of three dimensions: exchange, horizontal, and vertical equity. Exchange equity refers to the perceived benefits that taxpayers receive in exchange for taxes paid. Horizontal equity necessitates a level playing field for those who are equal, but vertical equity necessitates a level playing field for those who are unequal (Porcano in Jun and Yoon, 2018, p. 3)). As with Porcano, Kirchler and Hoezl defined exchange (fairness) as the tax burden in relation to the provision of public goods financed by tax revenues, horizontal

(fairness) as the individual's tax burden in relation to others, and vertical (fairness) as the individual's tax burden to those capable of contributing more or (Kirchler and Hoelzl, 2017).

Procedural justice is defined as the fairness of tax-related decision-making procedures (e.g., having a voice in policymaking, transparency) (Kirchler and Hoelzl, 2017). Procedures for determining tax contributions need to be transparent and fair, and tax authorities need to ensure adherence to these procedures (Kirchler and Hoelzl, 2017, p. 14). **Retributive justice** is defined as the fairness of the form and severity of the punishment imposed on tax offenders (Kirchler and Hoelzl, 2017). International cooperation is a prerequisite for tax justice (Compin, 2015, p. 439). Hey, Schreiber, Pönnighaus, and Bierbrauer (2013) emphasize the importance of developing an international consensus on how to jointly regulate citizens' and businesses' taxpaying behavior to effectively combat aggressive tax avoidance and promote tax justice (Kirchler and Hoelzl, 2017). According to the table of tax fairness measurement variables, the tax justice definition and categorization above are included in the procedural fairness dimension. It means tax justice is a proper term for tax fairness in a procedural context, not a substantive provision**.**

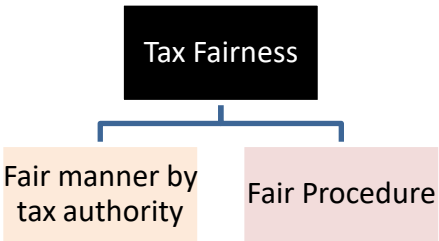
Tax Fairness: As the most widely discussed theory in the literature, some researchers even have different but overlapping conceptions of "tax fairness". The following are charts that have been compiled to illustrate the development of the conception of tax fairness from time to time.

Figure 5: Tax Fairness Concept by M.D. Gerbings



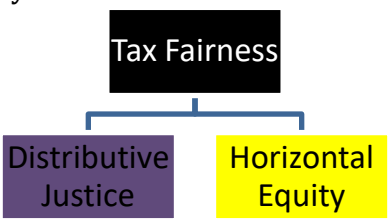
Source: (Gilligan and Richardson, 2005)**.**

Figure 6: Tax Fairness Concept by Martina Hartner



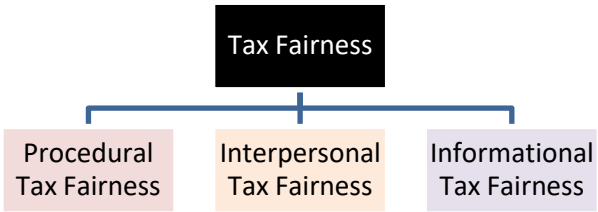
Source: (Hartner et al., 2008)**.**

Figure 7: Tax Fairness Concept by Brian Galle



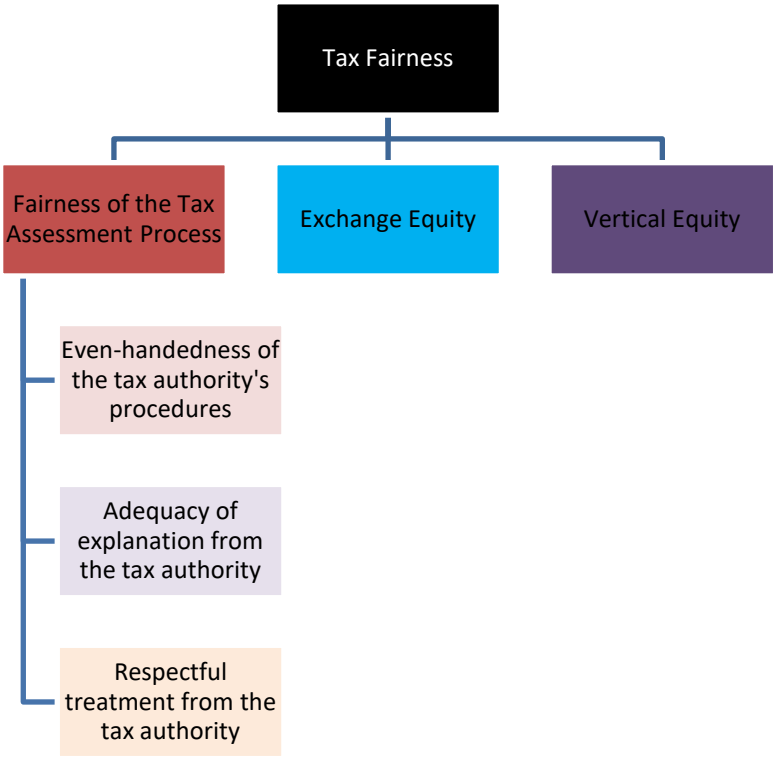
Source: (Galle, 2008)**.**

Figure 8: Tax Fairness Concept by Farrar, Donelly & Dhaliwal (2013)



Source: (Farrar, Donnelly and Dhaliwal, 2013).

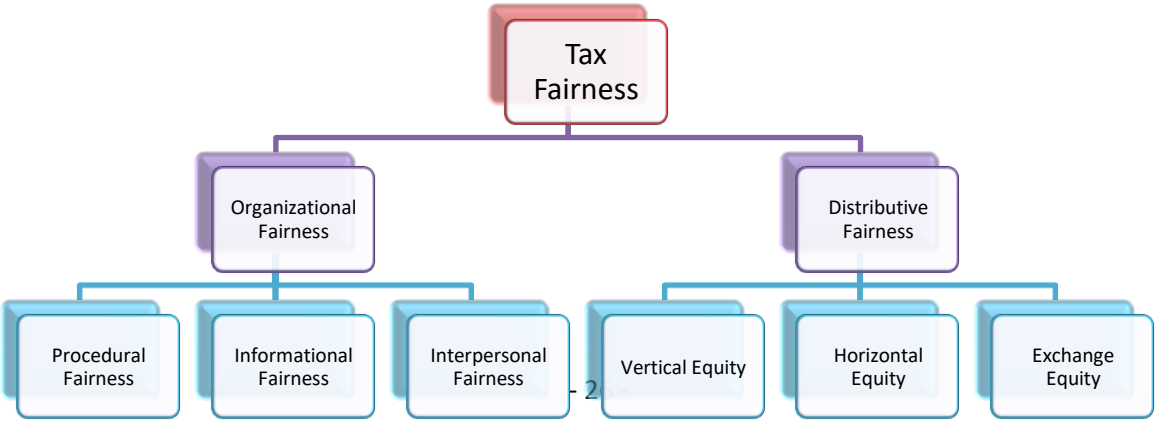
Figure 9: Tax Fairness Concept by Jonathan Farrar, et al.



Source: (Farrar et al., 2020).

To date, Farrar et al. are the researchers who have contributed the most to the development of the notion of tax fairness. They, on the other hand, omits features of horizontal equity. Indeed, according to Brian Galle and Ira K. Lindsay, horizontal equity is equally critical. As a result, this study tries to reconceptualize tax fairness to complement the existing understanding, as illustrated in the following figure.

Figure 10: Re-Conceptualization of Tax Fairness



The concept of tax fairness applied by some previous literature does not stratify the level of justice between the concepts of equity, equality, and fairness. Meanwhile, in this article, tax fairness is not defined as a term whose level is below equity. Tax fairness is a more general, broad concept, and includes the concept of equity itself. In fact, tax justice and tax equality are part of the indicators of tax fairness. Tax justice is considered procedural tax fairness, while tax equality is equated with tax equity.

Table 2: Measures of Variables for Tax Fairness

Dimensions of Tax Fairness	Sub Dimensions	Indicators (Survey Items)	Cronbach Alpha	References
Distributive Fairness	Vertical Equity	High-income earners are subject to a higher tax rate than middle-income earners (progressive tax rate)	0,86	Gerbing in Gilligan and Richardson (2005), Galle (2008) Farrar, et al. (2020)
		Middle-income earners are taxed at a lower rate than high-income earners (progressive tax rate)	0,86	Gerbing in Gilligan and Richardson (2005), Galle (2008) Farrar, et al. (2020)
	Horizontal Equity	Two taxpayers with similar objective measures of financial capability (income) to satisfy the government's demand for revenue should pay a similar amount of tax (ability to pay)		Galle (2008)
		The tax base must be broad (not only for a small number of people)		Lindsay (2016)
		The tax base should be psychologically salient (not overly complex)		Lindsay (2016)
		The tax base should be economically meaningful (track citizen's economic status reasonably)		Lindsay (2016)
	Exchange Equity	The amount taxpayers pay in income tax is equal to the amount of benefit they receive in government services	0,83	Kim (2002) Gerbing in Gilligan and Richardson (2005), Galle (2008) Farrar, et al. (2020)
		Taxpayers receive social services equivalent to the income taxes they pay	0,83	Farrar, et al. (2020)
		The amount taxpayers pay in income tax is equal with their agreement level on the government's spending policy	0,83	Kim (2002)
Organizational Fairness	Procedural Fairness	The Tax Office offers taxpayers ways to express their grievances and complaints	0,83	Hartner, et al (2008) Farrar, et al. (2020)
		At the Tax Office, taxpayers' complaints are taken seriously	0,83	Farrar, et al. (2020)
		The Tax Office processes all taxpayers' returns the same way	0,83	Farrar, et al. (2020)
	Informational Fairness	The Tax Office communicates in a timely manner (timeliness)	0,83	(Farrar, Donnelly and Dhaliwal, 2013)

				Farrar, et al. (2020)
		Tax Office correspondence is easy to understand (full disclosure)	0,83	(Farrar, Donnelly and Dhaliwal, 2013) Farrar, et al. (2020)
		The Tax Office answers taxpayers' questions carefully (justification)	0,83	(Farrar, Donnelly and Dhaliwal, 2013) Farrar, et al. (2020)
		The Tax Office give assistance to gain taxpayer technical competence	0,83	(Farrar, Donnelly and Dhaliwal, 2013)
		The Tax Office explain to taxpayers the decision made about the tax affairs	0,87/0,89	Hartner, et al (2008)
		The Tax Office gives advice and information that taxpayers can rely on	0,87/0,89	Hartner, et al (2008)
		The Tax Office gives taxpayer's right to an independent review from outside the tax office	0,87/0,89	Hartner, et al (2008)
	Interpersonal Fairness	The Tax Office expresses regret for possible negative effects on taxpayers	0,84	Farrar, et al. (2020)
		The Tax Office treats taxpayers with courtesy (propriety)	0,84	Farrar, et al. (2020)
		The Tax Office refrains from improper comments (respect)	0,84	(Farrar, Donnelly and Dhaliwal, 2013) Farrar, et al. (2020)
		The Tax Office respects the individual's right as a citizen	0,87/0,89	Hartner, et al (2008)
		Tax officers are honest and trustful in treating taxpayers (truthfulness)	0,87/0,89	Hartner, et al (2008) (Farrar, Donnelly and Dhaliwal, 2013)

5. Conclusion and Recommendations

Previously understood to refer to a lesser degree of tax justice than "tax equity," the phrase "tax fairness" is now used to refer to tax justice in a broader sense. Tax equity has the most extensive set of dimensions and indicators. Meanwhile, the word "tax justice" refers to a more specialized area of law and procedure, namely tax law. The phrase "tax equity" is included in the indicator "tax fairness," while the term "tax equality" is the least used term in the global tax literature.

Recommendation: Terminologies used in the worldwide tax literature should be precise and easily distinct as they are related to statutory requirements. Scholars should employ the phrases "tax justice," "tax fairness," "tax equality," "tax equity," and "tax equity" in proportion to the context. Tax policy and administration concepts must also be accurately measured to determine if the policy's objectives have been met or not. In the context of income tax, where the concept of fairness is central to policy formulation, the government must periodically assess whether the income tax policy it has developed ideally adheres to fairness principles. As a result, the table illustrating the operationalization of the notion described in this article can be utilized as a conceptual framework for evaluating income tax policy from a fairness perspective.

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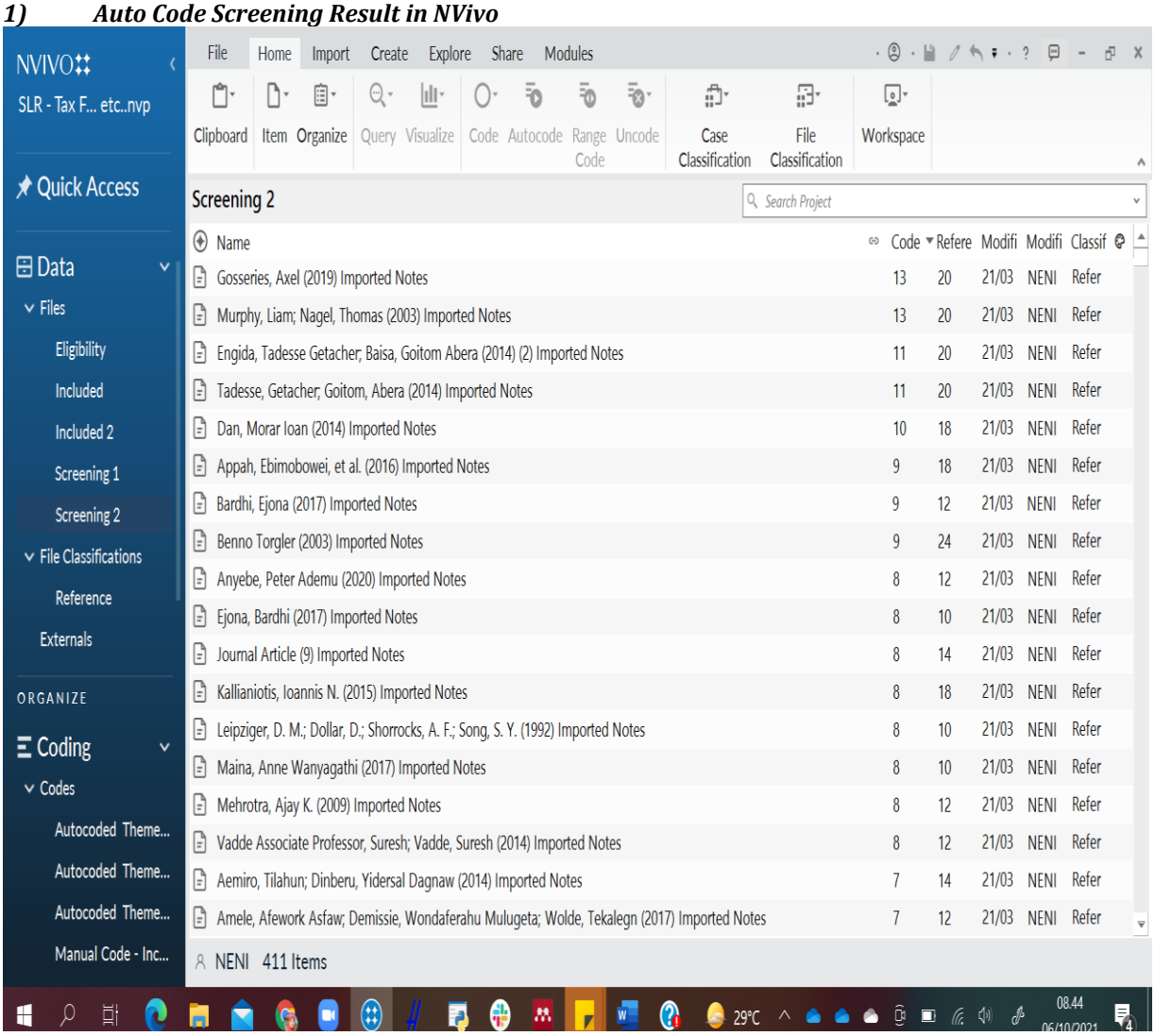
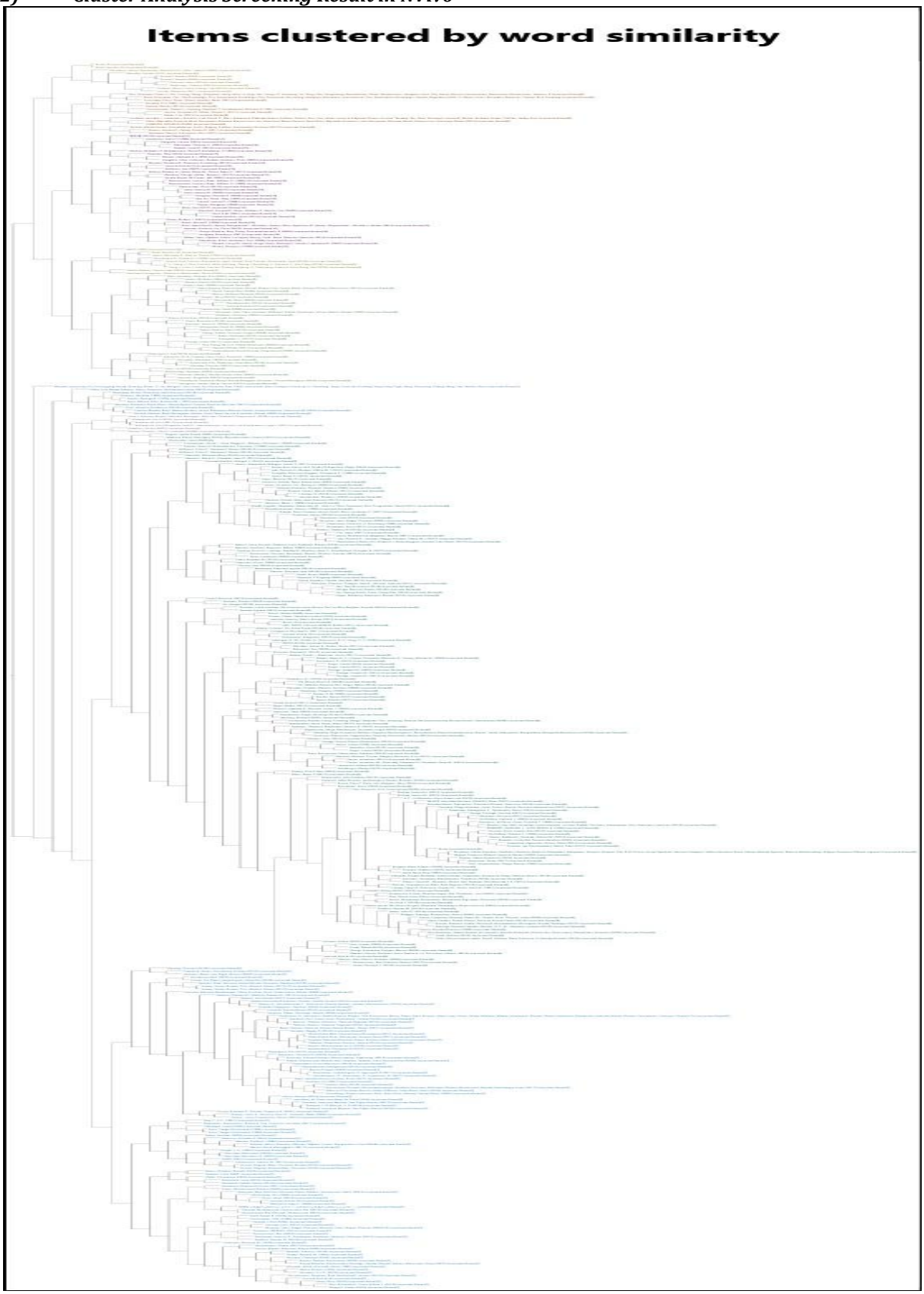
Appendix

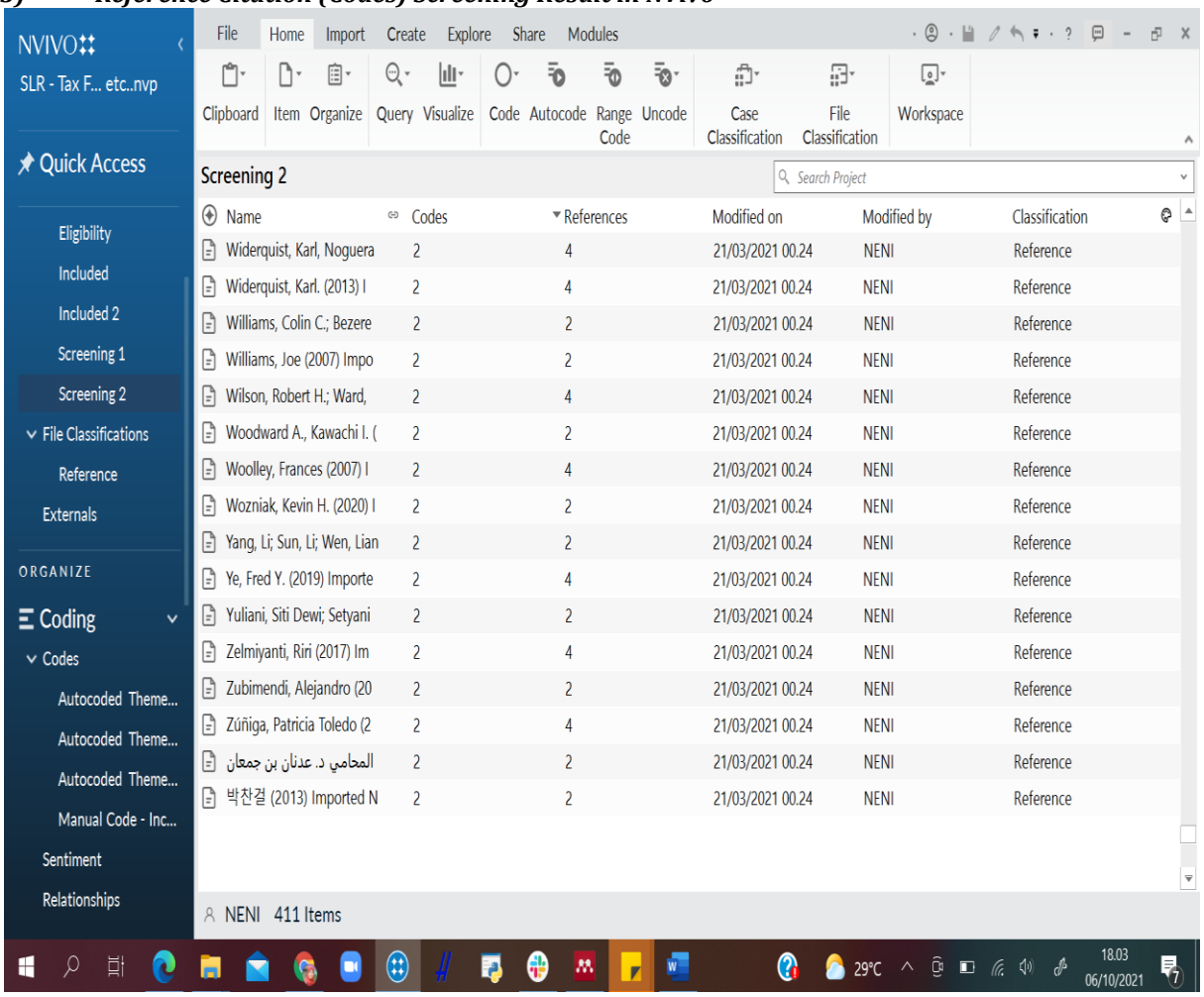
1) Auto Code Screening Result in NVivo



2) Cluster Analysis Screening Result in NVivo



3) Reference Citation (Codes) Screening Result in NVivo



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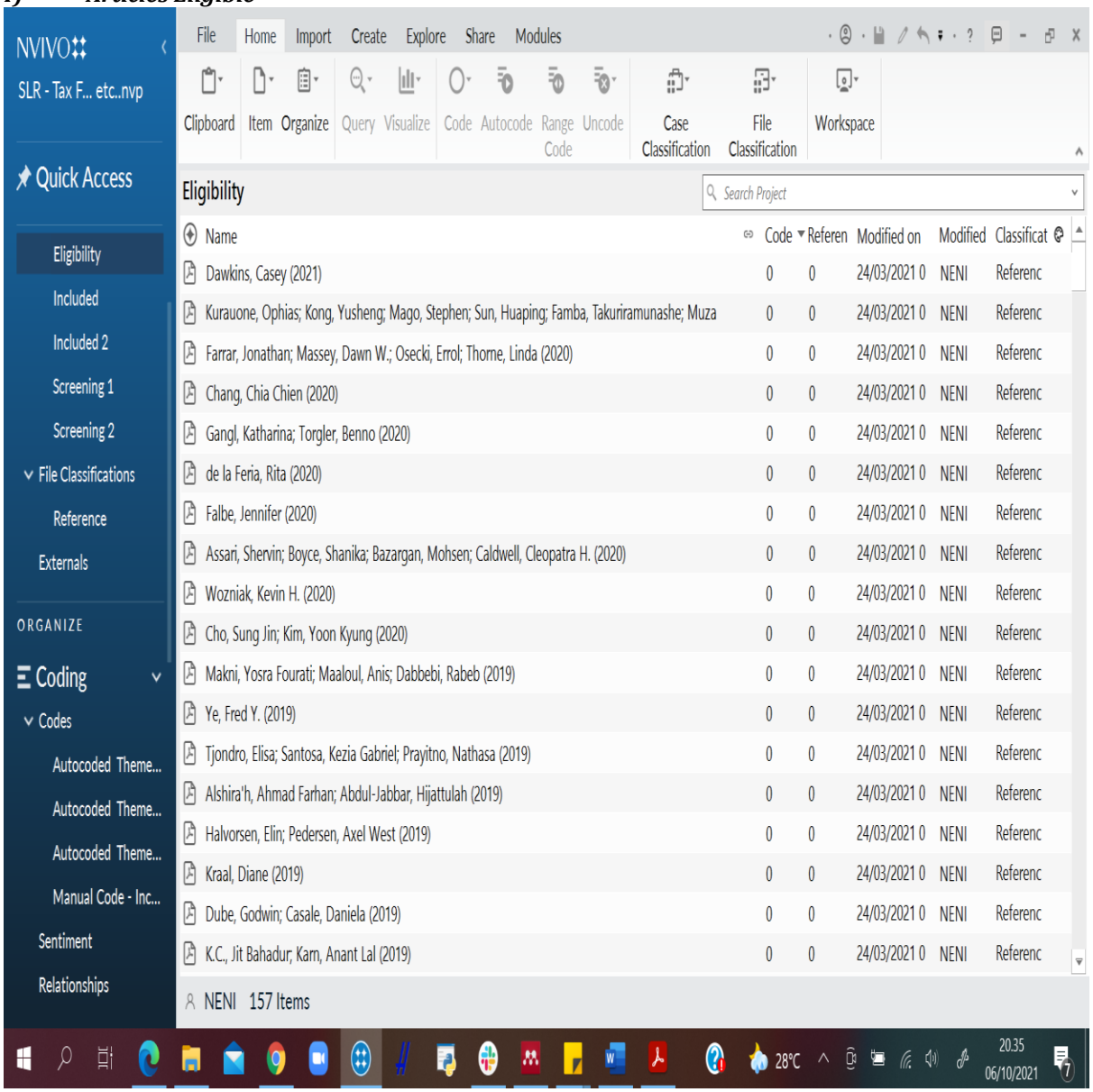
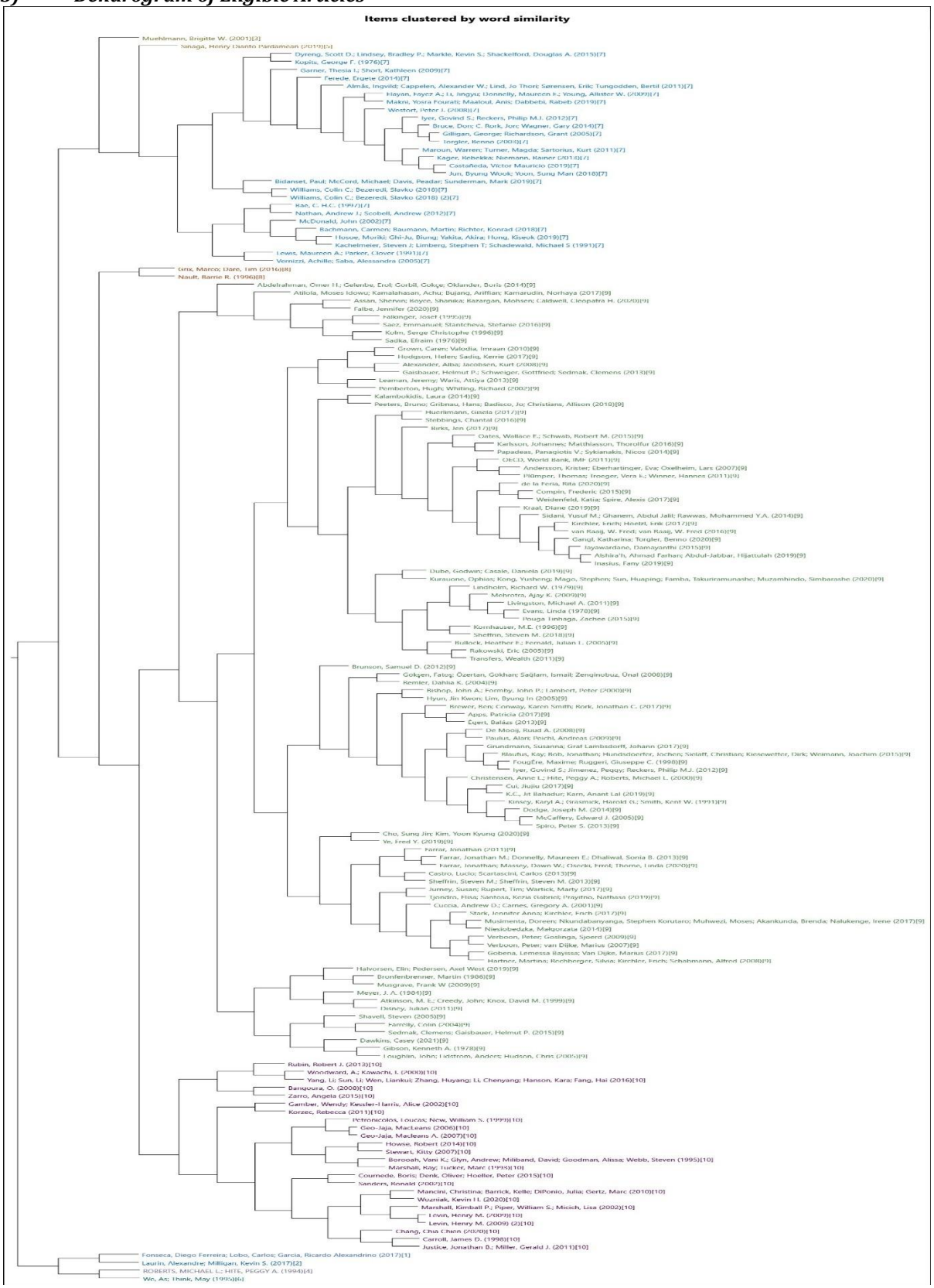
Williams, Colin C.; Bezere	2	2	21/03/2021 00.24	NENI	Reference
Williams, Joe (2007) Impo	2	2	21/03/2021 00.24	NENI	Reference
Wilson, Robert H.; Ward,	2	4	21/03/2021 00.24	NENI	Reference
Woodward A., Kawachi I. (	2	2	21/03/2021 00.24	NENI	Reference
Woolley, Frances (2007) I	2	4	21/03/2021 00.24	NENI	Reference
Wozniak, Kevin H. (2020) I	2	2	21/03/2021 00.24	NENI	Reference
Yang, Li; Sun, Li; Wen, Lian	2	2	21/03/2021 00.24	NENI	Reference
Ye, Fred Y. (2019) Importe	2	4	21/03/2021 00.24	NENI	Reference
Yuliani, Siti Dewi; Setyani	2	2	21/03/2021 00.24	NENI	Reference
Zelmiyanti, Riri (2017) Im	2	4	21/03/2021 00.24	NENI	Reference
Zubimendi, Alejandro (20	2	2	21/03/2021 00.24	NENI	Reference
Zúñiga, Patricia Toledo (2	2	4	21/03/2021 00.24	NENI	Reference
المحامي د. عدنان بن جمعان	2	2	21/03/2021 00.24	NENI	Reference
박찬걸 (2013) Imported N	2	2	21/03/2021 00.24	NENI	Reference

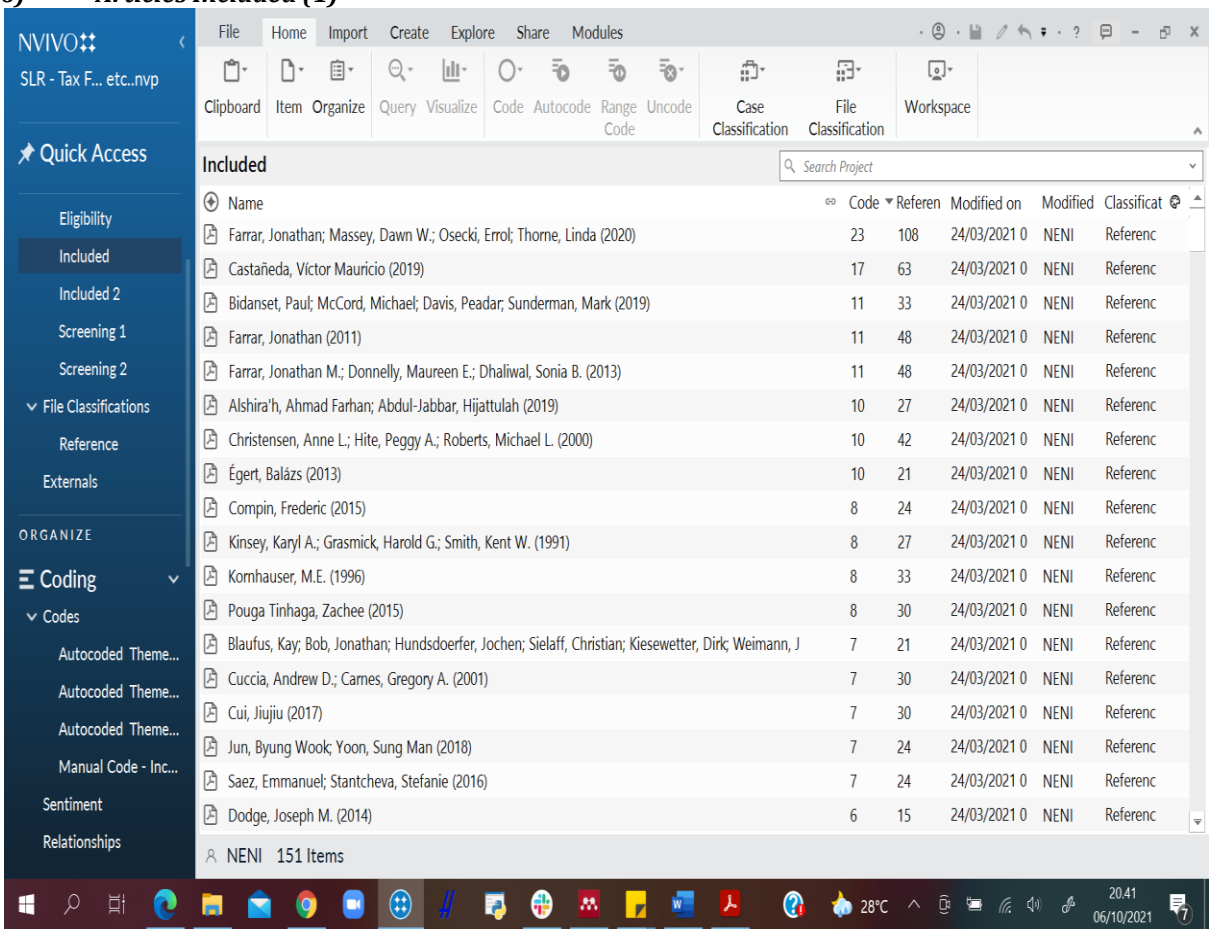
4) Articles Eligible



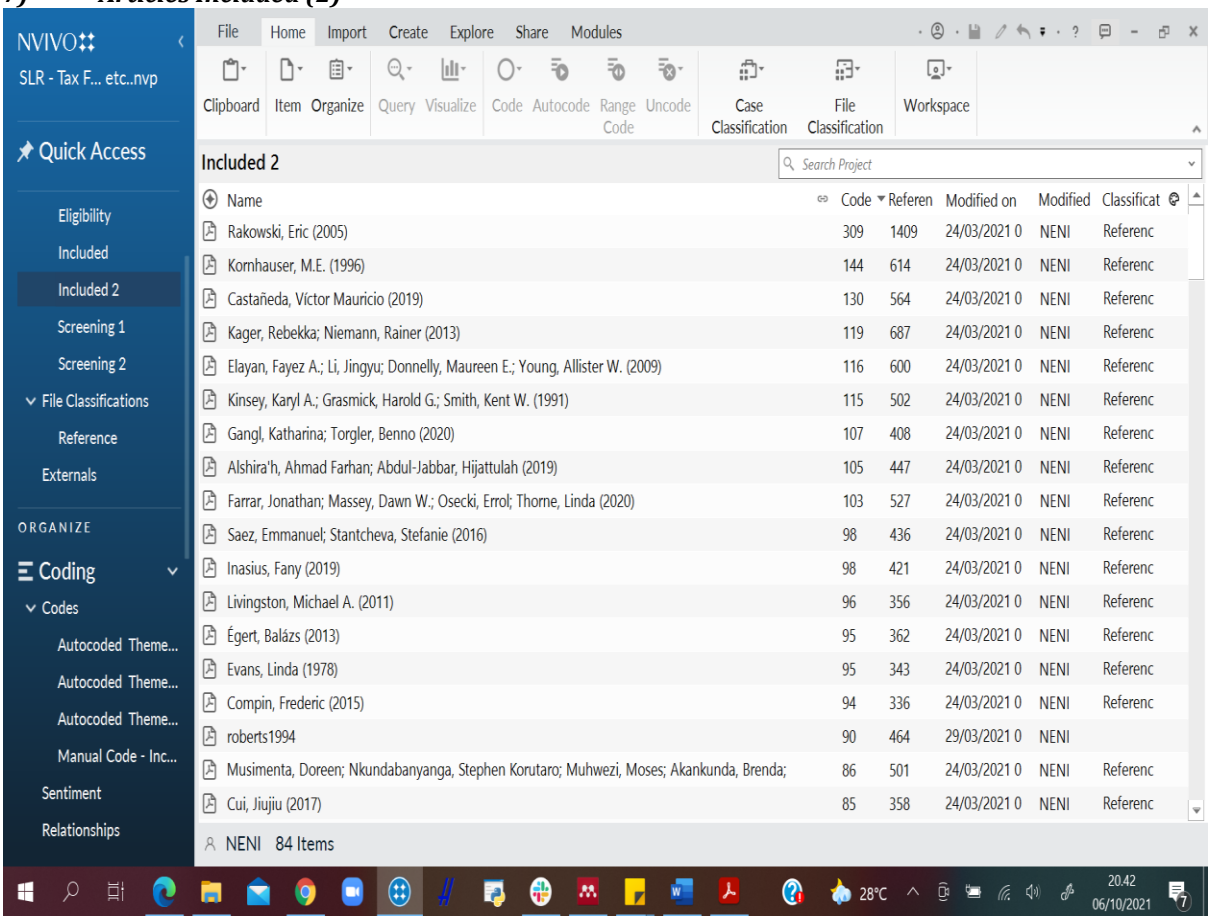
5) Dendrogram of Eligible Articles



6) Articles Included (1)



7) Articles Included (2)



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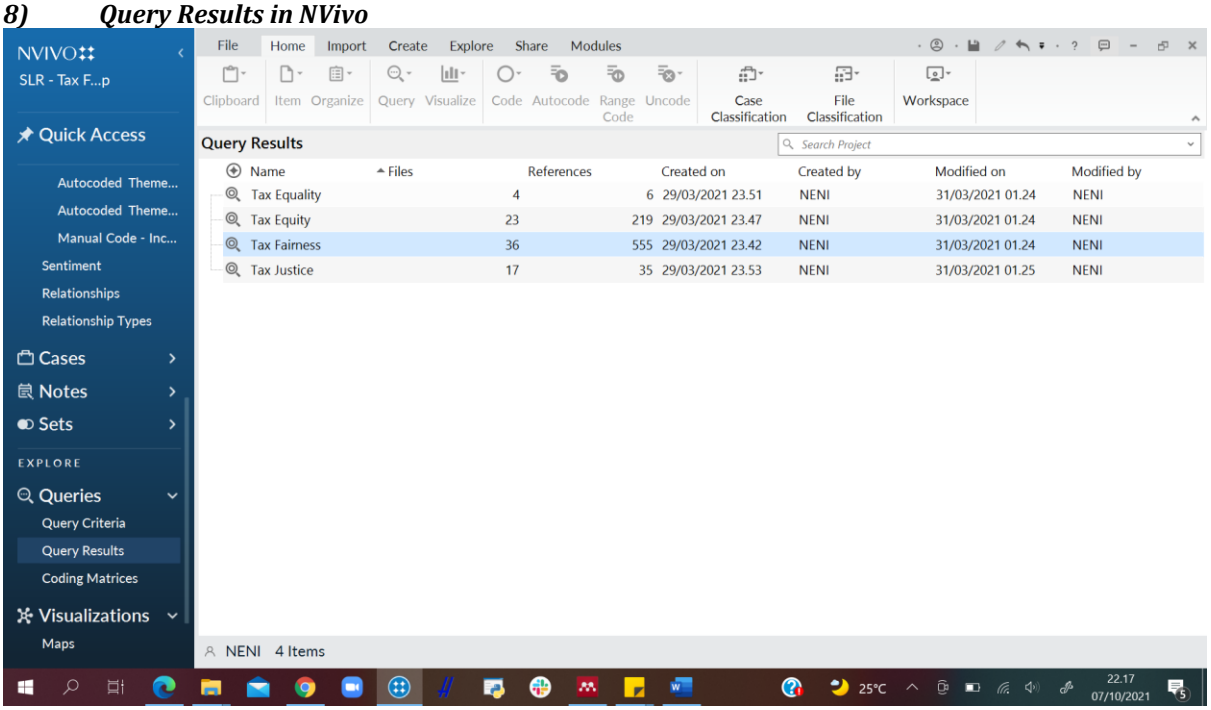
Kornhauser, M.E. (1996)	144	614	24/03/2021 0	NENI	Referenc
Castañeda, Víctor Mauricio (2019)	130	564	24/03/2021 0	NENI	Referenc
Kager, Rebekka; Niemann, Rainer (2013)	119	687	24/03/2021 0	NENI	Referenc
Elayan, Fayez A.; Li, Jingyu; Donnelly, Maureen E.; Young, Allister W. (2009)	116	600	24/03/2021 0	NENI	Referenc
Kinsey, Karyl A.; Grasmick, Harold G.; Smith, Kent W. (1991)	115	502	24/03/2021 0	NENI	Referenc
Gangl, Katharina; Torgler, Benno (2020)	107	408	24/03/2021 0	NENI	Referenc
Alshira'h, Ahmad Farhan; Abdul-Jabbar, Hijattulah (2019)	105	447	24/03/2021 0	NENI	Referenc
Farrar, Jonathan; Massey, Dawn W.; Osecki, Errol; Thorne, Linda (2020)	103	527	24/03/2021 0	NENI	Referenc
Saez, Emmanuel; Stantcheva, Stefanie (2016)	98	436	24/03/2021 0	NENI	Referenc
Inasius, Fany (2019)	98	421	24/03/2021 0	NENI	Referenc
Livingston, Michael A. (2011)	96	356	24/03/2021 0	NENI	Referenc
Égert, Balázs (2013)	95	362	24/03/2021 0	NENI	Referenc
Evans, Linda (1978)	95	343	24/03/2021 0	NENI	Referenc
Compin, Frederic (2015)	94	336	24/03/2021 0	NENI	Referenc
roberts1994	90	464	29/03/2021 0	NENI	
Musimenta, Doreen; Nkundabanyanga, Stephen Korutaro; Muhwezi, Moses; Akankunda, Brenda;	86	501	24/03/2021 0	NENI	Referenc
Cui, Jiujiu (2017)	85	358	24/03/2021 0	NENI	Referenc

8) Query Results in NVivo



Name	Files	References	Created on	Created by	Modified on	Modified by
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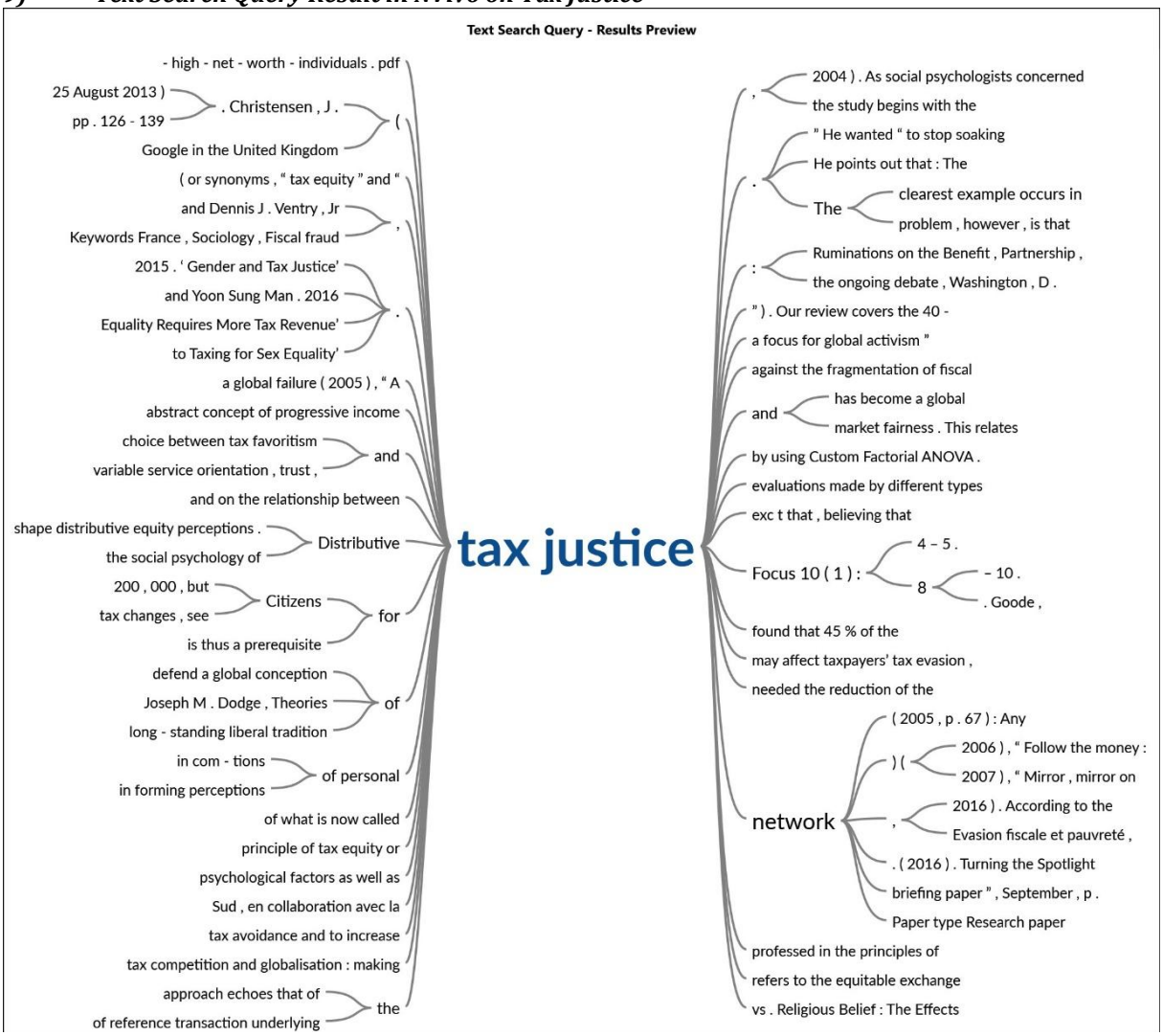
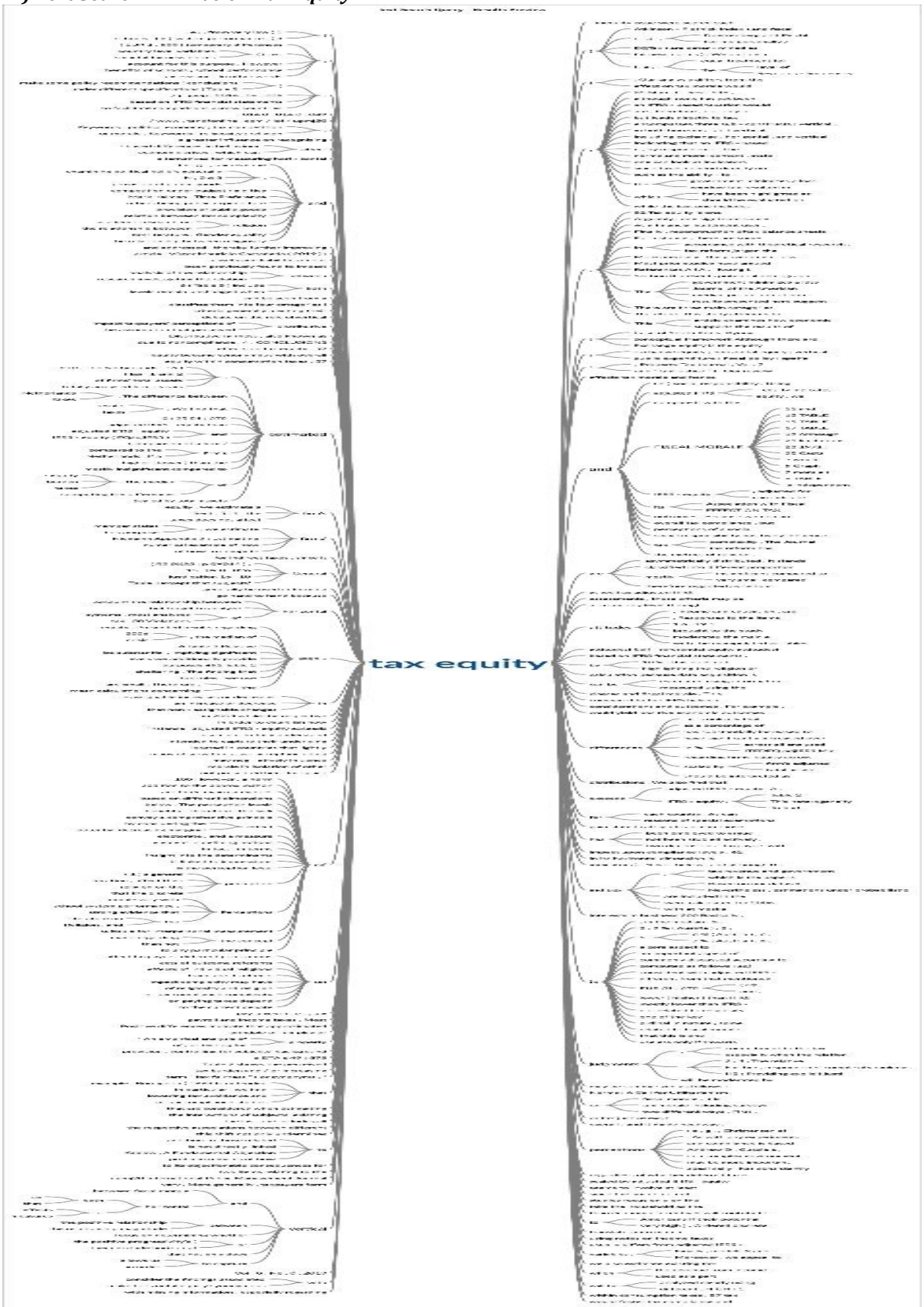
Tax Equity	23	219	29/03/2021 23.47	NENI	31/03/2021 01.24	NENI
Tax Fairness	36	555	29/03/2021 23.42	NENI	31/03/2021 01.24	NENI
Tax Justice	17	35	29/03/2021 23.53	NENI	31/03/2021 01.25	NENI

9) Text Search Query Result in NVivo on Tax Justice



10) Text Search in NVivo on Tax Fairness

11) Text Search in NVivo on Tax Equity



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Equity and Efficiency in Women-Empowered Contract Farming: An Explanatory Case Study on the Tea Estate Sector of Sri Lanka

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Abstract: Essentially, equity and efficiency are integral parts of any economic activities of sustainability though the correlation and causation between those two constructs are not considered significant. This study intends to evaluate if the contract farming system is a sustainable solution to the prevailing socio-economic aspects of the labor productivity problem in the tea estate sector of Sri Lanka, where female workers are highly depressed. This study has employed the survey strategy within the instrumental case of a selected tea estate to assess equity and efficiency of women-empowered contract farming system. The analytical results for gender equity on input and performance indicators have proven that gender equity is maintained in contract farming at the sample tea estate. The efficiency analysis results revealed that the output elasticity of tea bushes is significantly lower for female farmers than male farmers. However, there is no such significant difference revealed in the output elasticity of labor between gender groups. These findings explicitly reveal that the female workers in the tea estate sector are capable of managing labor although they are dominated by males in the domesticity. It further implies that a transformation of the male-dominant culture of the tea estate community would enhance the entrepreneurial and leadership capabilities of female workers if they are provided with equal opportunities and freedom.

Keywords: *Contract farming, efficiency, equity, human development, well-being.*

1. Introduction

The problem of low productivity in the tea estate sector of Sri Lanka is attributed to both land and labor input factors, as those factors complement the production process. Although Sri Lanka is renowned for producing high-quality teas to the world market, this industry's land and labor productivity is significantly less than that of other competitive tea growing and exporting countries such as India and Kenya (Shyamalie, Welala, & Godage, 2013). Hence, these two productivity perspectives are crucial in enhancing competitiveness as this industry is exceedingly land and labor-intensive. However, this productivity issue appears to be the tip of the iceberg as the real cause remains unresolved though the employers and the government have taken primitive measures. The real cause of this productivity problem has mainly resulted from the social obligation of the employers and the government with respect to the social well-being of resident tea estate workers which is well below the national standards. The tea estate sector of Sri Lanka is in various political and economic discussions at the national level for different reasons. These residential workers are immigrants from South India during the British colonial period that is still considered a separate community of Sri Lanka.

The economic value created by this sector to the Sri Lankan economy is immense due to its significant contribution to employment and export earnings. However, the prevailing destructive socio-economic condition of this community is characterized primarily by low income, poor living conditions, and lower social status. Such socio-economic conditions have adversely affected the quality of labor resulting in low productivity (Dishanka & Ikemoto, 2014). Besides, the low socio-economic condition of tea estate workers has discouraged them from participating in tea estate work, creating an adverse effect on the labor supply (Dishanka & Ikemoto, 2018). Thus, the remote and unattended part of the above productivity problem of the tea estate sector of Sri Lanka is primarily socio-political as it is associated with human development fundamentals. In developing a solution for this chronic socio-economic problem in the estate sector, it is pivotal to consider the human development aspect. The outcomes of such a solution should bring in improvements in social, political, and financial spheres of human life and endure over time to be sustainable (Alkire & Deneulin, 2009). Since the inception of the Human Development Report launched by UNDP in 1990, the idea of human development has been the focal reality by drawing attention towards.

The human aspect of development, especially in realizing sustainability in development. According to human development essentials, any economic activity should be enriched with efficiency, equity, and empowerment as fundamental requisites (Ul-Haq, 2003). However, the absence of such essentials in the existing labor-management system in the tea estate sector of Sri Lanka has created social unrest within the worker community. Notably, the overburdened workload of female workers and male-dominant culture has violated the empowerment fundamental of human development. Moreover, such ill-treatment is not equitable and efficient for sustainable human and community development (Philips, 2003) (Samarasinghe, 1993). Accordingly, this study hypothesizes the contract farming (CF) system for the tea estate sector in Sri Lanka as a viable and sustainable commitment-driven alternative model enriched with human development fundamentals (Panotra, Gupta, Sharma, & Kumar, 2018).

Here, we discuss how CF could enhance estate workers' well-being and capabilities of women while improving labor productivity concurrently. We presume that empowering women by prioritizing them for new investments or reallocating existing resources is of utmost importance (Anderson, Reynolds, Biscaye, Patwardhan, & Schmidt, 2021). In light of similar study outcomes, the researchers have prepositioned that a small-scale CF system in the tea estate sector in Sri Lanka would align the production system with human development essentials. Therefore this is a comprehensive study to evaluate if CF in the tea estate sector in Sri Lanka meets the fundamental human development essentials to resolve the chronic socio-economic problem which has hindered the productive performance of workers over decades. The significance of this study is the special attention and reference given to the potential role of female workers in improving the tea estate sector performance through enhanced capabilities.

2. Literature Review

Contract Farming, Farmer Well-Being and Human Development: Contract farming (CF) refers to a system whereby a processing or distributing firm purchases the farmers' harvest based on a contract made between the two parties (Glover, 1984). However, the contract's exact nature varies considerably from case to case. In a typical CF scheme, local farmers supply the harvest while the firm retains technical assistance and marketing responsibility. Generally, purchasing firms and farmers commit to a clear definition regarding each entity's duties and responsibilities. The purchasing firm agrees upon the supply of resources and purchasing price based on a rational formula, while the farmers agree upon the quantity requirements and quality specifications. The contractual arrangement's intensity varies according to the depth and complexity of conditions in resource provisions, production specifications and market provisions (Food and Agriculture Organization, 2001). In many developing countries, the agricultural sectors are based on production systems with primitive technology where many smallholder farmers' engagement in it is for a subsistence purpose (Bellemare, 2015). Although small-scale farmers are not competitive in the open agrarian market, they might probably be the most economical and profitable if agro-business firms contract with them (Key & Runsten, 1999). If the policymakers of developing countries plan to develop a more modern agricultural sector in the country.

It should be accompanied by developing rural labor markets and rural businesses (Bellemare, 2018). Various studies conducted on CF have revealed interesting outcomes with respect to human and community development. CF has been a component of the most successful income-generating projects for smallholders (Glover, 1984); (Kirsten & Sartorius, 2002); (Singh, 2002). It provides an opportunity for farmers to earn higher incomes by challenging their production capabilities and exposing them to a competitive market environment (Faizi & Shah, 2014). However, the impact is not limited to income generation. It has a much broader impact on human development, especially on complex capabilities such as being independent, making decisions, and having self-respect. A study on state-administered CF schemes in Malaysia's poultry industry has emphasized that it is a part of a broader national goal to eradicate poverty and raise rural income (Morrison, Murray, & Ngidang, 2006). This scheme intends to develop entrepreneurship among the disadvantaged indigenous 'Bumiputra' minorities. According to the authors, the state plans to improve the level of living of this disadvantaged minority rather than promoting competitive entrepreneurship. CF not only significantly increases income and raises the standard of living of farmers but also had positive multiplier effects on the regional economy, employment, and infrastructure (Warning & Key, 2002). A study on apples and green onions farming in Shangdong province.

China has revealed that three-quarters of contract farmers perceived an increase in income after they began CF (Miyata, Minot, & Hu, 2009). The CF has enabled them to step out of poverty and access better opportunities in enhancing capabilities such as quality housing and better education for their children. A successful case of small-scale tea growers in Kenya has achieved incomes above the national average by participating in CF (Glover, 1984). Such a rise in income has allowed them to access better basic capabilities to improve their quality of life. Notably, this rise in income has reduced income inequality to a certain extent. However, the income effect of contract farming could be realized only if the conditions of the contract are clear to the highly vulnerable smallholder farmers (Mwambi, Oduol, Mshenga, & Saidi, 2016). In the absence of such provision, the market fluctuations (such as the price) might affect the farmers' income efficiency. This has occurred in Vietnam, in which coffee farmers' income was adversely affected due to the gradual fall of the world coffee price in and after 1997 (Ikemoto, 2004). Accordingly, such economic improvements would increase people's economic choices and create positive effects on human development by providing greater opportunities and accessibility to a wide range of economic capabilities.

The Youth and Women in Farm Management: The comparative advantage of younger workers lies primarily in the hard skills such as flexibility, physical and mental capacity, and willingness to learn new technical skills than soft skills such as emotional intelligence, communication, and decision making skills (Van Dalen, Henkens, & Schippers, 2010). This is mainly because the critical hard skills of labor are positively and directly related to their productivity. Therefore, losing such young productive workers from agriculture inversely affects agricultural productivity. This emphasizes the importance of an alternative action such as CF to attract and retain young productive workers in agriculture. The younger generation is reluctant to become merely farming employees of someone else's land but expects to become independent farmers who manage a farm (White, 2012). This implies that CF would satisfy this youth's requirement in the agricultural sector by retaining their hard productive skills within the sector. Therefore, CF's entrepreneurial nature seems to be an effective method that meets the young productive population's expectations and keeps them in the farming community. Other than the community and farmer gains of contract farming, it is ideally important to identify the impact on women and their livelihood.

Although CF redresses the economy's power imbalances between farmers and agribusiness firms, it has largely ignored empowering women (Brewin & Murphy, 2019). Participation of women in contract farming may have positive effects on their financial independence and household bargaining power, especially in male-dominant domesticity. However, such empowerment would be effective only if the farming community recognizes the women's contribution (Adams, Gerber, & Amacker, 2019). In the process of measuring women's empowerment in contract farming with respect to control of assets, there has been a positive correlation between contract farming and women's control of land resources (Navarra, 2019). Moreover, in African agriculture, the degree of efficiency of women farmers has been similar to that of male farmers (Adesina & Djato, 1997). According to a study in agro-ecological regions in Bangladesh, it has identified that female labor in farming is significantly substitutable to male labor (Rahman, 2010). However, male farmers have more opportunities from the market system and uphold wages and income control than women (Mitra & Rao, 2021). The return on investments in empowering women in agriculture could be significant if they were given productive agricultural resources (Anderson, Reynolds, Biscaye, Patwardhan, & Schmidt, 2021).

This claim was further confirmed in a study on maize production in Southern Ethiopia. That study has revealed that the maize production sector favors male farmers due to the significant productivity gap maintained with female farmers. This productivity gap has been confirmed in a study in Kenya which identified a mean technical efficiency of 62% and 56% in male-managed and female-managed farms (Njuki, Kihiyo, O'Ktingati, & Place, 2006). However, the researchers have further identified that this productivity gap could have been reduced significantly by providing equal opportunities and access to productive resources to female farmers (Gebre, Isoda, Rahut, Amekawa, & Nomura, 2019). Providing such equal opportunities to women may empower them with greater control over household activities and income (Akter, et al., 2017). Although, the above studies reveal either uniformity or diversity in gender-based productivity outcomes; the marginal product of male or female labor fairly depends on the relative scarcity of labor and the labor division in different farming systems (Quisumbing, 1996). Therefore, results and findings of the above studies could result from methodological imperfections in sampling and analytical techniques. As an alternative labor deployment model to the unproductive traditional system of the tea plantation sector of Sri Lanka.

Research Design: This study could primarily be identified as a case study research as the principal subject (Contract farming) cannot be separated from the selected context. Importantly, the selected tea estate is the pioneer and the most successful case in employing CF. However, the researchers have adopted the survey strategy within the case study as the social constructs (equity and efficiency) is to be objectively hypothesized and tested against theoretical explanations. Thus, the research methods (data collection and analysis) of this study have been employed in light of hypothetico-deductive positivism. In this study, the two social constructs; equity and efficiency have been conceptualized through gender-based indicators (Tirado, Morales, & Calleros, 2015); (Pannell & Schilizzi, 1999); (Plumecocq, Debril, Duru, Magrini, Sarthou, & Therond, 2018). Moreover, these two concepts were operationalized and tested using the gender dimension as human development and economic sustainability should be gender-neutral. Therefore, amidst practical limitations and obstacles, a representative sample was selected from the instrumental case to avoid any possible methodological flaws in data collection which might subsequently result in analytical complications. Out of the 250 contract farmers in the study estate, 100 farmers were selected in total. The composition of this sample was 44 male and 56 female farmers while the number of sample farmers (both male and female) was 20 from each of five divisions of the tea estate.

Operationalization - Indicators and Measurements: The variables used for the analytical purpose are categorized as performance indicators and farmers' and farm characteristics (Table 1). The CF performance indicators are further classified into output indicators, input indicators, and subjective evaluation of CF. One of the output indicators is the harvest per week of a contract farmer. This includes the harvest as a contract farmer in CF. But this does not include the harvest as a worker employed by the estate management in the traditional system. The other main output indicator is the monthly income earned by a contracted farmer from CF. Contract farmers receive a wage as employed by the estate, but the 'income earned by a contract farmer' excludes such wages. The monthly income of CF consists of the earnings for the contract farming which is 64% of the value of harvested green leaves in a month. This monthly income is obtained by subtracting the paid cost of hired labor, fertilizer, and chemicals from the monthly revenue. Thus, it can be termed as the monthly net income of CF. Input indicators are the number of tea bushes per contract farmer, the number of family workers used by a contract farmer, and the number of hired workers used by a contract farmer. Subjective evaluation of CF is an opinionated assessment of CF by the contract farmers, which is highly influenced by his/ her feelings and perception. Therefore, the farmer's intention to continue CF in the future is considered an indicator of subjective evaluation of CF. this depends on the farmer's evaluation of the perceived marginal benefits of CF over its marginal costs. These marginal benefits and costs may include both explicit and implicit components.

3. Method of Data Analysis

(i) Two-Way Manova with Interactions: Gender equity in CF is one of the main concerns of this study as females have been unfairly treated in the tea plantation sector's traditional labor-management system. Moreover, land productivity is a crucial geographical factor in determining labor productivity. Therefore, to examine the influences of gender and land productivity on CF output, two-way MANOVA is employed in this section, where dependent variables are the output indicators (harvest and income) and categorical independent variables are gender and division of the tea estate. The division is used to capture differences in land productivity. Two-way MANOVA is particularly suitable because the interactions between gender and land productivity (i.e., division) are the primary concerns. The independence of observations, multivariate normality, linearity of dependent variables, and the homogeneity of variance and covariance were tested and confirmed to conduct MANOVA properly.

(ii) Multiple Regression Analysis: Other than the influence of gender and division (i.e., land productivity), other observable or unobservable factors might affect CF performance. Thus, by estimating the reduced form of CF performance equations, three direct questions are to be answered in this section. First, what are the factors affecting CF performance other than gender and division? Second, even after controlling for such factors, do gender and division have an insignificant effect on CF performance? The final inquiry is if the current practice is efficient, even if it is equitable for gender. To answer the last inquiry, a Cobb-Douglas production function could be estimated. CF performance equation is given by;

$$P_{CF} = a + \theta * Female + \varphi \mathrm{X} + \omega \mathrm{D} + \varepsilon \quad (1)$$

Where P_{CF} is one of the 10 CF performance indicators provided in Table 1.

Female is a dummy variable taking 1 when the contract farmer is female and 0 otherwise, and θ is the coefficient for the female dummy. X is the vector of farmers' and farms' characteristics also provided in Table 1 and D is the vector of division dummy variables. φ and ω are the vectors of coefficients to be estimated, a is the constant, and ε is the error term. Equation (1) will be estimated by OLS for each dependent variable independently. Our hypothesis is that gender does not affect CF performance. It is tested by the estimation of θ. If it is not significantly different from zero, the hypothesis is supported. As for the Cobb-Douglas production function, it is specified as equation (2) below.

$$log(Q) = A + \alpha * log(L) + \alpha_F * Female * log(L) + \beta * log(T) + \beta_F * Female * log(T) + \epsilon \quad (2)$$

Where Q: Weekly harvest of green leaves by the contract farmer (kg)
A: Constant
L: Number of labor hours in a week
T: Number of tea bushes assigned to the contract farmer
Female: A dummy variable for female contract farmer
ϵ: error term
α, α_F, β, and β_F are the coefficients to be estimated.

We hypothesize that production inputs, namely labor and tea bushes, are efficiently allocated between genders. It is tested by the coefficient for the interaction terms of production input and female dummy (i.e. α_F and β_F). If the coefficient is not statistically different from zero, the input is efficiently allocated between genders.

4. Data Presentation and Analysis

As shown in Table 1, the total harvest is highly variable, ranging from 33 to 100 kg/week with a mean of 64.3 kg/week and a standard deviation of 13.9 kg/week. This is because the number of tea bushes assigned is not equal: it varies, probably depending on the farmer's characteristics such as gender, age, family size, CF experience, etc. CF income is also highly variable, ranging from Rs. 3,500 to Rs. 12,000 with the mean of Rs. 7,330 and the standard deviation of Rs. 1,890. The scatter diagram shown in Figure 1 depicts the causality between output and net income. It clearly shows a linear relationship of 0.73 between the two variables. The variation of the harvest and the income of CF would have been much lower if there was a common rule in allocating tea bushes to contract farmers.

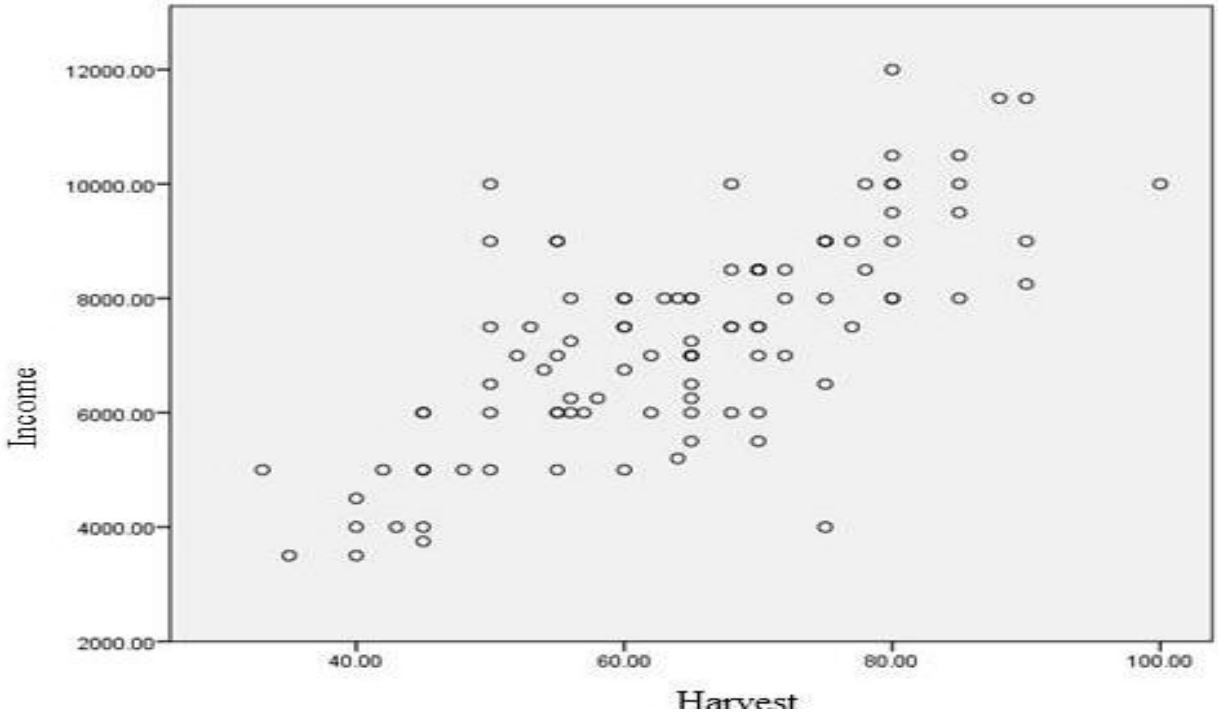
Table 1: Descriptive Statistics of Sample Contract Farmers (N=100)

Variable	Description	Mean	Median	SD	Min.	Max.
Output indicators						
Total harvest	Harvested weight (kg) of tea leaves in a week	64.3	65	13.9	33	100
Harvest per worker	The above is divided by No. of workers	18.9	19	4.87	10	35
CF income	Revenue less paid out cost in a month	7330	7500	1890	3500	12000
CF Income per worker	The above is divided by No. of workers	2160	2187	564	1000	3500
Input indicators						
Tea bushes	No. of tea bushes assigned to a contract farmer	1330	1300	157	1000	2000
Tea bushes per worker	The above is divided by No. of workers	390	400	111	233	700
HH labor	No. of workers for CF from the household	2.36	2	0.61	1	4

HH labor per member	The above is divided by No. of household members	0.45	0.5	0.15	0.14	1
Hired labor	No. of workers hired for CF	1.04	1	0.90	0	3
Subjective evaluation of CF						
Future CF	Farmer's willingness to renew CF	2.91	3	1.02	1	4
Contract farmer's and farm characteristics						
Gender	Contract farmer (Male = 1 and Female = 0)	0.44	0	NA	0	1
Age	Age of the contract farmer (No. of years)	51.2	51.5	8.05	35	65
Family size	No. of members of the contract farmer's HH	5.22	5	1.59	2	10
Education	No. of years in education of the contract farmer	4.46	5	3.16	0	10
Estate experience	No. of years of working in the estate	31.4	32	8.44	10	48
CF experience	No. of years working under CF	9.69	10	3.37	3	15
Distance	Km from the residence to assigned division	1.72	1.75	0.78	0.5	3.5
Management support	Continuous guidance and monitoring by the management	2.90	3	0.93	1	4

Note: SD, Min., Max., HH, No., and CF stand for standard deviation, minimum, maximum, household, number, and contract farming respectively.

Figure 1: Scatter Diagram of Harvest and Net Income



Despite the large variance in performance indicators, Table 2 shows that they are not different between females and males. Moreover, production inputs are also equally distributed between genders. It is valid with farmers' and farm characteristics as well. Therefore, it is worth mentioning that both female and male

samples are almost identical in characteristics and performance. This implies that gender discrimination in the traditional labor-management system has depressed the females, but CF has empowered women and done justice to them. This has basically proven that gender equality is maintained in this CF practice which has done justice to female workers. However, this claim is yet to be proven statistically with more facts and figures, which is one of the main intentions of this study.

Table 2: Comparison between Female (N=56) and Male (N=44)

	Female Contract Farmers				Male Contract Farmers				Mean Difference
	Mean	SD	Min.	Max.	Mean	SD	Min.	Max.	
Total harvest (kg/week)	64.4	14.4	33	100	64.1	13.5	42	90	0.337
Harvest per worker (kg/week)	19.0	4.78	10	32.5	18.8	5.01	11.67	35	0.25
CF Income (Rs/month)	7360	1940	3500	11500	7290	1840	3750	12000	70.9
CF Income per worker (Rs/month)	2170	549.2	1167	3500	2138	587.8	1000	3500	27.21
No. of tea bushes (number)	1320	142	1000	1600	1330	176	1050	2000	-8.12
Tea bushes per worker	390	96	250	700	390	127	233	667	0.00
HH labor (number)	2.34	0.58	1	4	2.39	0.65	1	4	-0.047
HH labor per member (number)	0.46	0.15	0.25	1	0.44	0.14	0.14	1	0.023
Hired labor (number)	1.05	0.90	0	3	1.02	0.90	0	3	0.31
Future CF (integer from 1 to 4)	3.02	0.96	1	4	2.77	1.08	1	4	0.245
Age (years)	52.0	7.13	35	65	50.3	9.10	36	64	1.65
Family size (number)	5.09	1.52	2	8	5.39	1.69	2	10	-0.297
Education (years)	4.80	3.01	0	10	4.02	3.33	0	10	0.781
Estate experience (years)	31.5	7.32	15	46	31.2	9.77	10	48	0.358
CF experience (years)	10.0	3.42	3	15	9.30	3.30	4	15	0.704
Distance (km)	1.73	0.81	0.5	3.5	1.69	0.73	0.5	3.5	0.039
Management support (integer from 1 to 4)	3.02	0.82	1	4	2.75	1.04	1	4	0.268

Note 1: SD, Min., Max., HH, No., and CF stand for standard deviation, minimum, maximum, household, number, and contract farming, respectively.
Note 2: The results of the t-test indicate that none of the mean differences is statistically different from zero even at the 10% significance level regardless of the equality assumption of variances.

Table 3: Pearson Chi-Square Tests for the Effect of Farmers' Characteristics

	Value	DF	Sig. (2-sided)
Division * Age	107.714	120	.782
Division * Family size	27.073	32	.714
Division * Education	29.982	36	.750

As shown in Table 3, none of the contract farmers' characteristics is significant for the divisional variance in harvest and income based on Chi-Square tests. Therefore, we should consider that the output indicators are affected by unobservable factors such as individual capacities. For example, the availability of more household labor than hired labor would enable them to earn higher income as household labor is unpaid.

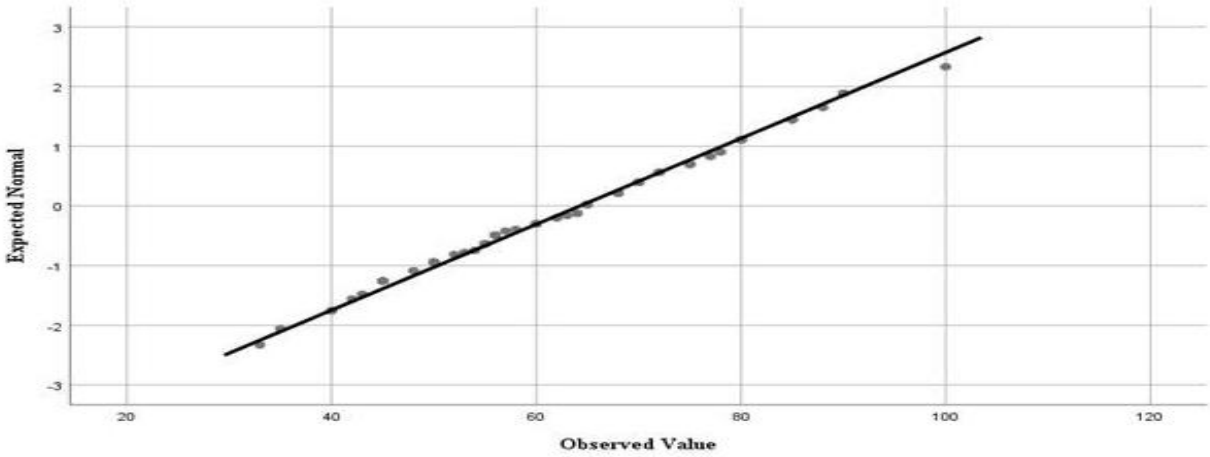
Preliminary Analysis: The MANOVA test results show that the significance values of harvest and income are 0.629 and 0.313, respectively (Table 4), which means that each variable is normally distributed. The Kolmogorov-Smirnov test result shows that the significance value is 0.200 (This is the lower bound of the true p-value of significance, indicating the true p-values is greater than 0.200) for each, which confirms the normality.

Table 4: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	DF	Sig.	Statistic	Df	Sig.
Harvest	.061	100	.200*	.990	100	.629
Income	.069	100	.200*	.985	100	.313

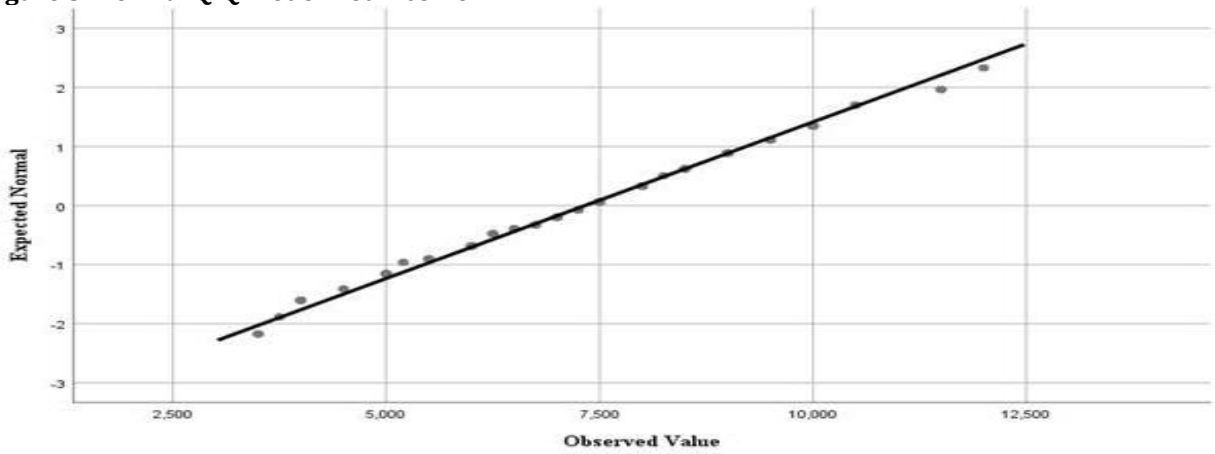
*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Figure 2: Normal Q-Q Plot of Harvest



The normal Q-Q scatterplots of harvest and income in Figures 2 and 3 show that all the points are scattered with linear approximation, confirming that both variables are normally distributed. Although there is a little random wriggle around the line, this does not disqualify the normality of the data as confirmed by both Shapiro-Wilk and Kolmogorov-Smirnov tests for normality. After confirming all the conditions of two-way MANOVA, it is conducted to test if gender and division interactions have any effect on the output indicators collectively.

Figure 3: Normal Q-Q Plot of Net Income



Wilks' Lambda test (Table 5), which is most commonly used in two-way MANOVA reveals that none of the independent variables and their interaction significantly affects the combined output indicators (i.e., harvest and income). The main intention of MANOVA is to check if there is any significant difference in harvest and income between gender and in five tea growing divisions of the study estate. The results of MANOVA confirm that contract farmers from all five divisions have equal opportunities for harvest and income regardless of gender.

Table 5: MANOVA Results (Wilks' Lambda Test)

Effect	Value	F	Hypothesis DF	Error DF	Sig. (p-value)
Intercept	.043	998.865	2	89	.000
Division	.908	1.104	8	178	.362
Gender	1.000	.019	2	89	.981
Division * Gender	.889	1.350	8	178	.222

Results of Regression Analysis

Gender Impact on CF Performance: OLS regression results of six output indicators are presented in Table 6. It is found that the female dummy does not have a significant effect on any of the output indicators. The dependent variable of the last column of Table 6 is current contract farmers' subjective evaluation of CF, or their willingness to renew CF. In this case, as well, the female dummy does not have a significant effect. Table 7 presents the OLS regression results of seven input indicators. The female dummy does not affect input indicators, either. Thus, overall we can conclude that gender equality in terms of input use and output is realized in CF.

Table 6: Effect of Gender on CF Performance: Output Indicators and Subjective Evaluation

Independent Variables	Weekly Harvest	Weekly Harvest per 1000 Tea Bushes	Weekly Harvest per HH Labor	CF Income	CF Income per 1000 Tea Bushes	CF Income per HH labor	Willingness to Renew CF
Female	-0.45	0.19	-0.88	89.5	32.6	-3.07	-0.26
	(4.47)	(1.81)	(2.29)	(328)	(31.0)	(55.7)	(0.15)
Age	-0.40	-0.11	-0.25	-27.5	0.71	-4.32	-0.05
	(0.25)	(0.16)	(0.20)	(25.4)	(3.06)	(4.98)	(0.02)**
Family size	0.38	-0.06	-2.17	136	15.8	-47.9	0.08
	(0.33)	(0.18)	(0.89)*	(38.3)**	(8.56)	(29.4)	(0.04)
Education	-0.75	-0.01	-0.57	-110	-6.83	-18.9	-0.04
	(0.54)	(0.36)	(0.46)	(72.8)	(6.82)	(13.0)	(0.04)
Contract experience	1.53	0.87	0.47	259	413	23.1	0.14
	(0.82)	(0.34)*	(0.40)	(85.9)**	(10.1)**	(12.4)	(0.02)***
Distance	-1.12	-0.89	-1.53	-272	-51.7	-61.0	0.04
	(2.31)	(0.89)	(1.55)	(208)	(25.2)	(53.3)	(0.11)
Management support	3.27	1.38	0.72	704	102	60.8	0.14
	(1.11)**	(0.48)**	(1.24)	(107)***	(21.1)***	(33.7)	(0.09)
Division							
2	10.6	5.30	8.46	397	-14.8	158	0.41
	(1.64)***	(0.99)***	(0.99)***	(148)*	(27.1)	(29.3)***	(0.10)**
3	6.55	2.71	2.40	180	-45.5	-8.86	0.54
	(0,84)***	(0.46)***	(0.81)**	(62.0)**	(6.49)***	(20.1)	(0.05)***
4	6.12	2.18	1.11	735	43.6	16.7	0.57
	(2.04)**	(0.96)*	(0.94)	(202)**	(23.3)	(28.1)	(0.06)***
5	8.23	4.16	1.84	608	34.1	8.92	0.87
	(3.70)*	(1.57)*	(1.49)	(361)	(37.3)	(42.6)	(0.08)***
Constant	57.6	40.8	49.3	4015	668	1050	3.06

	(23.2)*	(11.3)**	(10.4)***	(2442)	(146)**	(201)***	(0.99)**
R-squared	0.320	0.285	0.220	0.576	0.494	0.283	0.445
Number of Obs.	100	100	100	100	100	100	100

Note: Estimated by OLS. Robust standard errors clustered at the division level in parentheses. *** significant at 1% level, ** significant at 5% level, and * significant at 10% level.

Table 7: Effect of Gender on CF Performance: Input Indicators

Independent Variables	Number of Tea Bushes Assigned	Number of HH Labor used in CF	Number of Hired Labor used in CF	Total of HH and Hired Labor in CF	HH Labor per 1000 Tea Bushes	Hired Labor per 1000 Tea Bushes	Total Labor per 1000 Tea Bushes
Female	-9.82	0.05	-0.03	0.02	0.03	-0.01	0.03
	(53.7)	(0.15)	(0.23)	(0.19)	(0.10)	(0.16)	(0.08)
Age	-7.04	0.00	-0.03	-0.02	0.01	-0.02	-0.01
	(4.57)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Family size	12.4	0.19	-0.07	0.12	0.13	-0.05	0.08
	(6.27)	(0.06)**	(0.05)	(0.04)**	(0.04)**	(0.04)	(0.03)*
Education	-17.0	0.01	-0.05	-0.03	0.03	-0.03	0.00
	(8.81)	(0.03)	(0.06)	(0.04)	(0.03)	(0.04)	(0.03)
Contract experience	9.09	0.03	0.05	0.09	0.02	0.04	0.05
	(8.75)	(0.01)*	(0.01)***	(0.02)**	(0.01)	(0.01)**	(0.02)**
Distance	4.36	-0.01	0.01	0.00	-0.02	0.01	-0.01
	(24.4)	(0.08)	(0.10)	(0.08)	(0.05)	(0.08)	(0.05)
Management support	23.1	0.04	0.09	0.13	-0.03	0.05	0.03
	(16.4)	(0.04)	(0.16)	(0.13)	(0.05)	(0.12)	(0.08)
Division							
2	86.3	-0.13	-0.03	-0.15	-0.22	-0.02	-0.25
	(5.11)***	(0.07)	(0.12)	(0.08)	(0.04)***	(0.08)	(0.05)***
3	89.6	0.06	-0.09	-0.03	-0.08	-0.06	-0.14
	(5.89)***	(0.02)**	(0.04)	(0.03)	(0.02)***	(0.03)	(0.02)***
4	78.2	0.33	-0.06	0.27	0.12	-0.04	0.08
	(18.3)**	(0.04)***	(0.04)	(0.07)**	(0.00)***	(0.03)	(0.03)*
5	71.4	0.17	0.11	0.28	0.03	0.07	0.10
	(37.8)	(0.07)*	(0.06)	(0.11)*	(0.02)	(0.05)	(0.03)
Constant	1470	0.60	2.08	2.68	0.35	1.54	1.89
	(382)**	(0.84)	(0.75)*	(0.93)**	(0.65)	(0.48)***	(0.70)*
R-squared	0.217	0.349	0.106	0.249	0.256	0.085	0.173
Number of Obs.	100	100	100	100	100	100	100

Note: Estimated by OLS. Robust standard errors clustered at the division level in parentheses. *** significant at 1% level, ** significant at 5% level, and * significant at 10% level.

Concerning factors affecting CF performance, there are some more remarks. First, as shown in Table 6, division dummies show significant influences on output indicators. As discussed previously, this may reflect the variation of land productivity among the divisions. Second, besides, management support tends to be positively associated with output indicators. On the other hand, as shown in Table 7, family size seems to allow contract farmers to use more family labor, as expected. It increases total labor use as a consequence. However, Table 6 shows that the association between family size and output indicators is not straightforward. While family size does not increase harvest and negatively affects harvest per household labor, it increases CF income. However, it has no significant effect on income per household labor despite a highly positive correlation between harvest and CF income. Lastly, experience in CF increases labor input (Table 7) and tea output (Table 6). Other explanatory variables such as age, education, and distance to the contract farm have little influence on either output or input indicators.

Productive Efficiency of Contract Farming: The analysis of the previous section has proven that there is no gender difference in terms of production inputs as well as outputs of CF. Therefore, as a human development essential, gender equity is guaranteed in the CF system. The remaining question is if such allocation is efficient. To answer this question, equation (2) is estimated and the results are presented in Table 8. The main input variables (labor and tea bushes) were occupied in the basic production function (Model 1). The model has suggested that both input variables are significant at 5 percent and 1 percent, respectively. The model has further proven that the output elasticity of tea bushes is highly elastic which is greater than one. The female dummy was occupied in Model 2 to identify the gender impact on the output. However, it did not prove any significant difference in output from male farmers. This model was further enriched with farmer and farm characteristics as control variables.

All the control variables except family size were insignificant in output determination. The gender difference in efficiency is further captured by the interaction terms with the female dummy in models 3 and 4. In either model, while the output elasticity of labor is not influenced by the female dummy, that of tea bushes is affected by the female dummy. The output elasticity of tea bushes is significantly smaller in female contract farmers on average in the case of male contract farmers. It is apparent as the coefficient values of the number of tea bushes with the interaction of female dummy are negative and significant by 0.85 (at 10%) and 0.78 (at 1%) in Model 3 and 4, respectively. This result implies that there is allocative inefficiency in the CF of the tea estate. Suppose the number of tea bushes under contract shifts from female farmers to male farmers, total output under CF of this tea estate will increase. In other words, equal allocation of tea bushes over the gender is not necessarily desirable from the viewpoint of economic efficiency.

Table 8: Estimation of Cobb-Douglas Production Function of Green Leaves

	Model 1 Inputs Only	**Model 2 With Control Variables**	**Model 3 Interaction with Female Dummy**	**Model 4 Constant Return to Scale Imposed**
Labor (hours/week)	0.15 (0.04)**	0.12 (0.04)**	0.09 (0.04)	0.09 (0.05)**
x Female dummy	NA	NA	0.02 (0.07)	0.03 (0.07)
Tea bushes (number)	1.29 (0.26)***	1.25 (0.17)***	1.68 (0.12)***	1.66 (0.09)***
x Female dummy	NA	NA	-0.85 (0.31)*	-0.78 (0.11)***
Female dummy	NA	0.02 (0.03)	6.07 (2.19)*	5.52 (0.63)***
Control variables				
Age	-	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Family size	-	-0.01 (0.00)*	-0.01 (0.00)*	-0.01 (0.00)**
Education	-	0.00 (0.01)	0.00 (0.00)	0.00 (0.01)
Contract experience	-	0.01 (0.01)	0.01 (0.00)*	0.01 (0.00)**
Distance	-	-0.02 (0.01)	-0.02 (0.02)	-0.02 (0.01)***
Management support	-	0.02 (0.01)	0.02 (0.01)*	0.02 (0.00)***
Division				
2	0.06 (0.01)***	0.08 (0.02)**	0.06 (0.02)**	0.06 (0.02)**
3	-0.01 (0.01)	0.01 (0.01)	0.02 (0.01)	0.02 (0.01)
4	-0.01 (0.01)	0.00 (0.02)	-0.00 (0.02)	-0.00 (0.02)
5	0.01 (0.01)	0.04 (0.04)	0.01 (0.03)	0.01 (0.03)
Constant	-5.58 (1.78)**	-5.44 (1.10)***	-8.34 (0.84)***	-8.21 (0.60)***
R-squared	0.651	0.694	0.735	-

Number of Obs.	100	100	100	100

Note: Dependent variable is green tea leaves production (kg/week). The dependent variable and two input variables (labor and tea bushes) are in a natural logarithm. They are estimated by OLS. Robust standard errors clustered at the division level in parentheses. *** significant at 1% level, ** significant at 5% level, and * significant at 10% level.

5. Discussion, Conclusion and Implications

One of this study's objectives is to analyze whether CF of the selected tea estate is doing justice to tea estate female farmers by equally treating them with no discrimination in resource allocation. The main reason for this investigation is, females' role is considerably depressed due to the work burden by the male-dominant work practices in employment in the traditional estate labor-management system (Dishanka & Ikemoto, 2014). Moreover, the equity is not maintained in the payment of wages for the work done by females in the traditional system. Although findings of different research have proven multiple realities, this study has revealed the existence of gender equality in performance (output) and earnings (income). In this sense, the CF system seems to eliminate any discriminative practices in the tea estate sector. Moreover, such elimination would enhance the overall benefits that can be gained from the gender diversity of a workgroup. This finding further emphasizes the equalization of earning opportunities provided by the CF system to all the members of a communal group to ensure socio-economic justice. However, equitably allocating resources does not promote discrimination as it ensures optimal allocation of resources for economic efficiency, which would ultimately affect the performance, positively.

Importantly, we need to distinguish the concepts of efficiency in an economic sense from human development orientation. Efficiency in the human development paradigm refers to the optimal use of existing resources to expand individuals' capabilities in the communities. However, this study dealt with economic efficiency because it has been the central issue in the tea plantation sector in Sri Lanka, where tea lands are idled due to the severe shortage of labor. Such an optimal allocation of resources is fundamental to ensure the economic sustainability of this economic activity. Accordingly, the efficiency in resource allocation in the CF system would be Pareto optimal, given that the resources are fully utilized. The production efficiency in CF was assessed using the neo-classical Cobb-Douglas production function to identify the impact of gender on output elasticity of labor and tea bushes. The results show that the output elasticity of tea bushes is significantly lower for female farmers than male farmers. It indicates that tea bushes should be allocated to male farmers more than female farmers to increase the CF system's total output. Allocating more tea bushes to males than females and obtaining much higher output is possible for various reasons.

One is, male workers are more physically capable than females in handling more tea bushes. Another is, males have more idle time in their estate duty roster whereas females have to be fully involved in estate work and household activities as well. Other than the above, usually, males are much more motivated than females in earning additional income. However, such allocation would not affect the opportunities available for women until the abandoned tea lands are fully utilized. The analyses for gender equity (Table 6 and Table 7) and gender efficiency (Table 8) have been regressed with division dummies as well. Although all five divisions are gender-neutral for harvest and income of CF (Table 5), only Division 2 has shown a significant difference from Division 1 (the base division) in all four models of the production function. However, all four divisions have shown varying significant differences from Division 1 with respect to different input and output indicators (Table 6 and Table 7). We have not attempted to further investigate the causes for such differences as gender neutrality of divisions was confirmed beforehand.

Conclusion

The primary reasons for the poor performance in the tea estate sector of Sri Lanka have been known to be the labor shortage and low labor productivity attributed to the existing traditional labor-management system. Hence, a CF system has been introduced to solve the labor shortage and improve labor productivity. In this instrumental explanatory case study, we investigated the CF system's performance in terms of gender equity and production efficiency. Concerning gender equity, the results and findings of this study imply that the CF

system has improved considerably. Since it was inattentive and desecrated in the traditional labor-management system, the CF system seems to be a sustainable solution for the estate community's socio-economic problems. However, for the CF system to be financially sustainable, economic efficiency should be improved at the same time, which requires less equitable allocation of tea bushes between genders. Such allocation could be done according to efficiency criteria which should be determined based on output elasticity. Further, the management should research and review the divisional variances of performance indicators regularly (importantly, Division 2) for possible changes and their causes.

Any significant difference between divisions would provide valuable insights into gender-based resource allocations. The CF system could be introduced as a parallel system with the traditional labor-management system as direct change-over is not feasible. Since each contract farmer is allocated a suitable tea land with a specific number of tea bushes, they can raise their income by gradually increasing their participation. As the CF system promotes both freedom and gender equality, it empowers estate workers to participate as entrepreneurial farmers, who independently manage a plot of tea land with a certain amount of bushes by employing laborers and other inputs (such as fertilizer and chemicals) to earn a profit (net income). This transition of estate workers would uplift independent behavior, strengthening their agency aspects in their socio-economic endeavors, which is essential in human development. Thus, we conclude and confirm that CF would be a sustainable solution for the chronic socio-economic problems of the tea plantation sector of Sri Lanka. Besides, this CF system needs a proper monitoring mechanism of a regulatory body as informalities may arise with the expansion of this system towards a wider estate community.

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Transitioning MSMEs to the Normal Tax System

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Abstract: It is not straightforward to urge and prepare MSMEs to participate in the standard tax system. MSMEs must have adequate tax knowledge and competence to comply with their tax obligations after they enter the standard tax system. The research aims to develop a strategy for transitioning to a normal tax system from the perspective of both the taxpayer and the government, including the barriers encountered. This study used a qualitative approach and an in-depth interview to obtain data. A review of the literature was conducted, as well as in-depth interviews with DGT officials, tax scholars, tax practitioners, and SME taxpayers. The most recent rule on final income tax for MSMEs establishes a time restriction for applying the final income tax rate and recording. The grace period was designed to teach MSMEs how to manage their bookkeeping and other obligations under the conventional tax system while growing their business. According to the study's findings, MSMEs taxpayers do not have a distinct strategy for dealing with the conventional tax system. They do, however, have commercial plans that overlap with the transition strategy. On the other hand, the government, through DGT, launched a plan called Business Development Services. The challenges of human resources and initiative affect both government and MSMEs taxpayers. This article examines the strategic procedures necessary to convert MSME taxpayers from a presumptive tax regime to the implementation of a conventional tax system, as well as the barriers encountered in achieving tax equity. The report proposes a transition strategy from a presumptive, tax regime to the implementation of a conventional tax system on the hard-to-tax sector by the Indonesian tax authorities and MSME taxpayers.

Keywords: *MSMEs, Final Income Tax, Strategy, Presumptive Tax, Tax System.*

1. Introduction

MSMEs are critical to Indonesia's economy. The MSME sector is referred to as the most strategic sector in the country as it affects the lives of a large number of people (Zebua, 2016). MSMEs accounted for at least 60% of Indonesia's GDP in 2017. Seeing the number of MSME players increase year after year is a great development, particularly for state revenues in the tax sector. In terms of taxation, the huge number of MSME players reflects the large number of income tax subjects who can become taxpayers, hence increasing the MSME sector's tax revenue. Regrettably, the MSME sector is frequently classified as a Hard-to-Tax (HTT) sector by the tax authorities. Bird and Wallace (2003) said that it is impractical to tax the HTT sector using the same tax approach as the conventional sector. For instance, in the MSME sector, players would encounter challenges if they requested to perform standard tax calculations with bookkeeping in accordance with general tax regulations. As a result, a streamlined special tax system is required to facilitate the entry of the MSME sector into the special tax system. One of the tax system's simplifications is the application of a presumptive tax. Presumptive taxation is a method of simplifying the tax system by employing an assumed tax base rather than one based on normal or anomalous sector-specific original income (Dube, 2018). The goal of applying a presumptive tax is to provide a pathway for taxpayers in the HTT sector who are currently outside the tax system to enter the special tax system.

Later on, the taxpayer will gradually transition to the traditional tax system. The Government Regulation of the Republic of Indonesia No. 46 of 2013 (GR 46/2013) on Income Tax on Income from Businesses Received or Accrued by Taxpayers with Certain Gross Income is one example of a presumptive tax policy for the MSME sector. Individual and corporate taxpayers having a gross income of up to IDR 4.8 billion are covered by the program. Income tax can be calculated by multiplying the gross income by the final income tax rate of 1%. In 2018, GR 46/2013 was repealed and replaced by Government Regulation of the Republic of Indonesia No. 23 of 2018 (GR 23/2018) on Income from Businesses Received or Accrued by Taxpayers with a Certain Gross Income. GR 23/2018 retains numerous provisions from GR 46/2013. Nonetheless, GR 23/2018 modifies some of its provisions. To begin with, the difference in the final income tax rate came as a result of a drop in the final income tax rate. Initially, GR 46/2013 imposed a 1% cap, which was reduced to 0.5 percent by GR 23/2018. Second, there is a time period during which the final income tax regulations may be used.

Previously, pursuant to GR 46/2013, there was no time limit on taxpayers' use of final income tax. This indicates that as long as taxpayers' gross income from business activities does not exceed IDR 4.8 billion per year.

They can use the requirements of GR 46/2013 to compute their income tax. Since the enactment of GR 23/2018, the final income tax rate of 0.5 percent has been subject to a time constraint. It is limited to a maximum of seven years for individual taxpayers, four years for corporate taxpayers organized as cooperatives, limited partnerships, or enterprises, and three years for corporate taxpayers organized as corporations. After the period specified in GR 23/2018 expires, the taxpayer is required to calculate income tax in accordance with the normal tax system, namely in accordance with the tariff provisions set forth in Article 17 paragraph (1) letter a, Article 17 paragraph (2)a, or Article 31E of the Income Tax Law. Thus, a strategy is required to ensure that the MSME taxpayers' transition to a standard tax system is successful. The plan is not limited to MSME taxpayers who must increase their taxation capacities to comply with GR 23/2018 but also with the tax authorities' strategy. However, it is indisputable that in developing the strategy for MSME taxpayers' transition to a standard tax system, MSME taxpayers and DGT encountered a number of roadblocks. Against this backdrop, the primary topic that will be examined is the DGT's and MSME taxpayers' strategy for preparing MSME taxpayers for the transition to a normal tax system following the end of the 0.5 percent Final Income Tax usage period on gross income. The report next analyses the barriers that DGT and MSME taxpayers encounter while implementing a strategy for transitioning to the standard tax system.

2. Literature Review

Hard-to-Tax (HTT): HTT does not have a broadly accepted definition. On the other hand, Terkper (2003) defines HTTs as taxpayers who generally do not register freely. When taxpayers register, they typically do not maintain comprehensive books and records, do not report a notification letter (SPT), and frequently breach tax requirements. Bird and Wallace (2003) cite the following features of organizations classified as HTT: corporations and individuals that are generally small in size and do not keep adequate books and records but are taxable; (ii) entities and individuals whose activities are large enough to be taxed under the normal tax system but are tax evaders, some of whom operate completely outside the fiscal radar; and (iii) large and medium-sized entities that are capable of complying with their tax obligations under the normal tax system but do not.

Presumptive Tax: According to Dube (2018), presumptive taxation is "... a simplified regime applied to the presumed, rather than actual, income of regular or atypical enterprises." Simply put, presumptive taxation is a more straightforward technique of calculating income tax than the conventional approach. Presumptive taxes are used for a variety of reasons. The use of presumptive tax is motivated by the ease with which calculations may be performed. The government also expects that by simplifying rules, the compliance costs faced by taxpayers will be reduced, thereby motivating taxpayers to comply willingly (Ogembo, 2019).

Strategy: Porter and Lee (2015) define strategy as "the process through which an organization makes the decisions necessary to meet customer needs." Additionally, Kavale (2012) defines strategy as a framework for establishing long-term goals and objectives, guiding the adoption process and allocating the resources necessary to accomplish those goals. According to Assauri (2013), a strategy must perform six strategic roles concurrently to be effective. The six functions are as follows: communicating the desired outcome to others; connecting or connecting the organization's strengths and advantages to the opportunities in its environment; capitalizing on or exploiting current successes and successes while investigating new opportunities; generating and generating more resources than are currently available; coordinating and directing the organization's future activities or activities and responding to and reacting to newly encountered opportunities.

3. Research Method

This study was conducted with a qualitative approach to gain an understanding of the tactics used by the DGT and MSMEs to prepare for the transition to a normal tax system following the implementation of GR 23/2018's regulations. Additionally, this paper assesses the obstacles that DGT and MSME encountered while

implementing the approach. The data was gathered through a review of the literature and in-depth interviews with DGT officials, tax scholars, tax practitioners, and small business taxpayers. MSME taxpayers who engaged in tax socialization and the Business Development Services (BDS) program were recruited as informants for the study.

4. Results and Discussion

The Directorate General of Taxes' MSME Taxpayer Transition Strategy towards a Normal Tax System: In GR 23/2018, a provision is made for a time limit on the transition period to the normal tax system. From that point forward, DGT provides MSME taxpayers with the option to study bookkeeping, which they will utilize when they transition to the standard tax system. On the other hand, DGT must develop a strategy to accomplish this objective.

A. Business Development Service (BDS) Program: The presumptive tax system is appropriate for bringing taxpayers who were previously untaxed into the normal tax system. To use an analogy, MSME taxpayers must understand how to "use the bridge" built by the presumptive tax to migrate to a conventional tax system. As a result, taxpayer education and support are required to assist MSME taxpayers in determining how to "cross" from the presumptive tax system to the conventional tax system. The BDS program is critical to the transition strategy of MSME taxpayers to a standard tax system. The BDS program is administered by the DGT's Division of Extension, Service, and Public Relations. Since 2015, this initiative has been focused on the development of MSME enterprises in Indonesia. According to SE-13/PJ/2018, the BDS program is one of the tools for developing and supervising MSME taxpayers in fostering and encouraging sustainable company growth to boost tax awareness, engagement, and compliance. DGT can use the existence of BDS to assist and educate MSME taxpayers as they migrate to the regular tax system. Regrettably, not all MSME taxpayers are aware of or get instruction about the BDS program. Two factors may contribute to the BDS program being inaccessible to all MSME taxpayers. To begin with, the scope is excessively broad, making it impossible for the tax office to reach all MSME taxpayers. Second, the tax office's performance in implementing the BDS program has not been optimal. Because the BDS program is distinct from tax counseling, it must be conducted at least twice in a fiscal year.

B. Building Relationships with MSME Taxpayers: The interaction and pattern of relationships developed between DGT and MSME taxpayers would be seen in the implementation of the BDS program. Technical implementation of BDS will ultimately be left to the discretion of individual tax offices. The audience for BDS activities held by tax authorities is often divided into two categories: MSMEs taxpayers assisted by the tax office and MSME taxpayers invited by the tax office. There is a distinction between MSME taxpayers who are specifically cultivated by the tax authorities and MSME taxpayers who are merely employed as audiences in the office's BDS program. There is no guarantee that the interaction between UMKKM taxpayers and taxes on the BDS implementation program will be limited. However, placing MSME taxpayers under the jurisdiction of tax authorities with high-level meetings will foster a sense of confidence between the two parties. The tax authority's connection with MSME taxpayers is built on trust, which makes it easier for both sides to carry out the transition strategy. Additionally, trust has a good effect on taxpayers' voluntary tax compliance (Djajanti, 2020). On the other hand, the strong contact established can enable the tax authorities to monitor the readiness of MSME taxpayers in real-time and to continue guiding MSME taxpayers through the transition process to a standard tax system.

C. Collaboration with a Variety of Agencies: Cooperation with other agencies is a sort of engagement between the DGT and its external environment, which in this case is the MSME taxpayer. The objective is to assist DGT in accomplishing its objectives, in this example, the MSME taxpayer's strategy for transitioning to a normal tax system. Additionally, collaboration is underway to establish data integration for MSME taxpayers, allowing for more targeted policymaking. DGT has cooperated with at least 17 institutional ministries, 26 state-owned enterprises, and six other agencies to develop MSME firms in Indonesia. Recently, DGT partnered with Google Indonesia to help grow Indonesia's MSME sector.

D. Designing a Triple-E Application: To educate MSME taxpayers on proper bookkeeping procedures while calculating taxes, the DGT launched the development of the Triple-E application. "Easy Register, Easy Report,

and Easy Pay" are the acronyms for the Triple E. The Triple E application was established in response to DGT's study and observations of the previous period's BDS program. As a supporting tool for the DGT, the Triple E application assists in preparing MSME taxpayers for a standard tax system. As envisioned, the Triple E application must aid DGT in educating on the proper use of bookkeeping, computing taxes at general rates, and delivering learning modules linked to establishing MSME taxpayer enterprises.

E. Formulating Simple Financial Reports for MSMEs: One of the difficulties faced by MSME taxpayers is their incapacity to perform bookkeeping, particularly for individual taxpayers. Prakosa and Hidayatullah's (2019) interviews with Batik MSME players in the DI Yogyakarta Province revealed that MSME actors continue to struggle with effectively managing financial statement bookkeeping. DGT collaborates with the Fiscal Policy Agency to create a financial report that MSME taxpayers may readily comprehend. The simple bookkeeping structure is intended to make it easier for MSME taxpayers to track their income and expenses. If the income and costs can be determined based on the taxpayer's condition, the MSME taxpayer's tax will be computed in line with the MSME taxpayer's additional economic potential. Thus, the tax calculation is adjusted to the taxpayer's ability to pay, and a sense of justice is created in the payment of MSME taxpayers' taxes. Apart from simplicity, the primary factor in bookkeeping for MSME taxpayers is how to communicate with and guide the tax office regarding how the bookkeeping is carried out. Consistent direction from the tax office to MSME taxpayers on how to conduct bookkeeping in line with tax regulations is a critical factor in deciding the MSME taxpayer's transition strategy to a workable conventional tax system. No matter how straightforward the bookkeeping is, without advice and support from the tax office, a simple financial report formulation will not be straightforward.

Taxpayer Transition Strategy for MSMEs towards a Normal Tax System: Although MSME taxpayers are aware that a day will come when they must convert to a traditional tax system based on bookkeeping, they have ruled this possibility out in favor of focusing on GR 23/2018. That is not to say that MSME taxpayers do not prepare anything. By and large, MSME taxpayers pursue tactics targeted at growing their businesses. The taxpayer's strategy includes a mission that is consistent with the strategy's objective of preparing for the normal tax system. Indirectly, MSME taxpayers' tactics are not just about migrating to a conventional tax system; they are also about business development.

Participate in the MSME Community: According to in-depth interviews with five MSME informants, the first step for MSME entrepreneurs to develop their firm is to join an MSME community. Joining the MSME community is motivated by a genuine desire to discover and learn more about how to grow their firm. Another reason for MSME entrepreneurs to join an MSME community is to strengthen relationships with other MSME entrepreneurs. Along with business development, the MSME community can serve as a venue for MSME entrepreneurs to learn about or gain additional knowledge regarding MSMEs' taxation. As a result, the MSME community can serve as an entry point for DGT to educate the public about taxes.

Developing Business Strategies: According to Porter and Lee (2015), strategy is about making the organizational decisions necessary to meet the requirements of the taxpayer. The business strategy is one of several that align with the MSME taxpayer's transition strategy to a conventional tax system. The provision of time is not only intended to educate MSME taxpayers about bookkeeping but also to allow for the development of MSME businesses. Not only will tax-related material be discussed during DGT seminars and workshops. However, there are additional debates, such as digital marketing, packaging, business legality, financial technology, financial management, and company bookkeeping, that can have a direct impact on the development of MSME enterprises.

Acquire Knowledge about Bookkeeping: According to Rohman, Zulaikha, Rahardjo, and Harto (2011), the competency of MSMEs in Indonesia is still inadequate, which affects their compliance with tax duties. It demonstrates that small businesses and individuals lack proper bookkeeping but have tax potential. In-depth interviews with five sources of MSME taxpayers revealed that they had been provided with information on accounting and the creation of sound financial statements. The information was gleaned via business seminars and BDS programs in which he participated. The outcomes of the bookkeeping training have begun to be implemented by MSME taxpayers in their company activities. Even though they are still in the learning process, they continue to attempt to apply the principles of bookkeeping given to them.

Constraints on Implementation of the Transition Strategy to a Normal Tax System for MSME Taxpayers

Limited Human Resources: According to the findings of in-depth interviews with MSME individual taxpayers, the entrepreneurs' status as a "one-man show" is identified as their primary impediment. Particularly for MSME individual taxpayers who must handle all aspects of the business on their own, from manufacturing to packaging, distribution, and marketing. They must continue to live their lives in addition to conducting business. While MSME individual taxpayers comprehend and can apply the tax office's bookkeeping instructions, consistency in doing so on a daily basis is considered a significant challenge.

MSME Taxpayers Are Unaware of the Reason for Limiting the Term of Regulations and Strategies that MSMEs are Required to Prepare: The reason for GR 23/2018's time constraint should be communicated to MSME taxpayers in order for them to grasp it. However, in-depth interviews with MSME entrepreneurs revealed that the tax office never addressed the rationale for the regulation term in GR 23/2018. Inadequate information on MSME taxpayers regarding the time of application of GR 23/2018 and the necessary preparations is not necessarily a negative reflection on DGT's performance. Occasionally, MSME taxpayers become obsessed solely with the MSME Final Income Tax Rates, especially in light of the recent fall in Final Income Tax Rates. Although continual delivery of the purpose of limited time in use is GR 23/2018, it is critical for equalizing the frequency of objectives for DGT and MSME taxpayers.

DGT Activity and Initiative are Still Lacking: The impediment is the inconsistency in the expense and effort expended by each tax office in implementing the BDS program. The BDS program will be implemented differently at each tax office based on their regulations, conditions, and preferences. There is a tax office in the area that is committed to developing MSMEs by continuously giving regular training. Other tax offices may have MSME villages that were created specifically for the purpose of developing MSMEs. However, it is not uncommon for the tax office to implement the BDS program for just the amount necessary to meet contractual obligations. The amount of effort expended by the DGT and tax office in fostering MSMEs, particularly in preparing MSME taxpayers to transition to a normal tax system, will have an effect on MSME taxpayers' perceptions of the DGT's performance and seriousness in fostering MSME taxpayers, as well as their own readiness. What needs to be done is to attempt to standardize the BDS program's application and results in each tax office. It is expected that each tax office will follow the same strategy.

DGT's Constraints in Implementing the Transition Strategy to a Normal Tax System

Limited DGT Human Resources

A. Quantity of Human Resources: The issue of a lack of tax officers has developed into a tax issue in Indonesia. One of the actual situations is the application of the GR 46/2013 guidelines for MSME taxpayers in Semarang City, as Bandiyono and Sadry discovered via their investigation (2018). The study's findings indicated that tax office staff faced challenges as a result of a shortage of tax officers to provide services and socialization to MSME taxpayers. Due to the scarcity of human resources, implementing the MSME Taxpayer's transition strategy to a standard tax system in the field is hindered. This is because the MSME taxpayer's transition strategy to a conventional tax system will require significant assistance and education from tax officials charged with socialization via the BDS program.

B. Human Resources Capability: Each tax office is required by the BDS program to educate MSME taxpayers on how to develop their businesses. This means that each tax office must conduct education outside of its normal socialization zone. Finally, the tax office encountered difficulties executing the BDS program due to the fact that the tax office did not generally have influence over business development. Along with the limits on the DGT's human resource capacity for implementing the BDS program, another impediment is the program's oversight, which is centralized at the Head Office.

MSME Activities and Initiatives: There are still a significant number of MSME taxpayers who have been secretive about their compliance with their tax duties. It is the primary impediment to the MSME taxpayer's strategy for transitioning to a conventional tax system. If the MSME taxpayer is not forthcoming about the

implementation of his tax obligations and the UMKM taxpayer does not respond positively, no matter how much work and expense the tax authority incurs, the educational effort will be in vain. Finally, the mindset of MSME taxpayers is critical in implementing the transition strategy for MSME taxpayers to a standard tax system.

5. Conclusion and Recommendations

The goal of implementing the provisions for the adoption of the 0.5 percent final income tax policy (GR 23/2018) is to allow time for MSME taxpayers to learn about bookkeeping and for DGT to educate MSME taxpayers facing the period's expiration. The DGT's transition strategies for MSME taxpayers to a normal tax system include the following: implementing the Business Development Service (BDS) program; establishing relationships with MSME taxpayers; collaborating with government and private institutions; developing the Triple E application and developing simple financial reports for MSMEs in collaboration with the Fiscal Policy Agency. MSME taxpayers make no extra preparations or strategies in anticipation of the normal tax system. That is not to say that MSME taxpayers have not planned anything. Indirectly, MSME taxpayers' strategies are not limited to transitioning to a normal tax system; they are also planning their business development, which includes the following: (a) joining the MSME community; (b) implementing a business strategy to grow their business through training, socialization, and workshops hosted by various parties; and (c) beginning to learn to do bookkeeping. MSME taxpayers' transition strategy to a standard tax system undoubtedly hits roadblocks along the way. This impediment is perceived from both the MSME and DGT perspectives, as the limits on the two are inextricably linked. On the MSME side, the barriers include the following: limited MSME human resources; MSME taxpayers are unaware of the rationale behind limiting the duration of regulations and strategies prepared by MSMEs; and a dearth of DGT activities and initiatives. Additionally, problems encountered on the DGT side include limited DGT human resources and a dearth of MSME activities and initiatives.

Recommendations: The following recommendations are intended to assist MSME taxpayers in implementing a more traditional tax system transition strategy:

a. The tax office should make data integration a priority to boost the volume of MSME transactions. This is a proactive measure designed to allow tax authorities to track the revenue generated by MSMEs. If the annual revenue of the MSME taxpayer exceeds IDR 4.8 billion, the MSME taxpayer is required to keep books. In the absence of complete data on MSME revenue, taxpayers will constantly claim that their revenue is less than IDR 4.8 billion.

b. To place a stronger emphasis on the growth of MSME taxpayers, each tax office should create its own MSME community. The goal is to establish a close relationship with the MSME community to foster confidence between them and the tax authorities. If each tax office cultivates an MSME community, it may be more aggressive in implementing the BDS program and other transition programs for MSME taxpayers to the conventional tax system. Additionally, they may use the MSME community to educate other MSME entrepreneurs about taxes, thus increasing the audience for both tax socialization and the BDS program. Additionally, the tax office has a more direct line of communication with MSME taxpayers.

c. Rather than depending primarily on central DGT evaluations, the BDS program should be evaluated at each tax office. This is because the tax office is directly responsible for the BDS program's implementation on the ground. Additionally, this is to ensure that the tax office receives timely feedback on the implementation of the BDS program, allowing the tax office to continue improving its performance in teaching MSMEs taxpayers. Along with doing an evaluation of the BDS program, each tax office can determine whether MSME taxpayers are prepared to transition to a regular tax system. This is so that, upon the expiration of the period specified in government regulation 23/2018, the DGT can assess the extent to which MSME taxpayers are prepared and capable of moving to a normal tax system.

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