

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

INSTITUTE OF DISTANCE LEARNING

**TAXPAYERS' ATTITUDE, PERCEPTION AND INFLUENCE ON TAX
COMPLIANCE DECISIONS**

**A CASE STUDY OF THE INFORMAL TAXPAYERS IN THE ACCRA
METROPOLIS**

BY

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**A THESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE,
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DECLARATION

I, Esther Pokuah Mickson hereby declare that this thesis, titled: Taxpayers' attitude, Perception, and its influence on Taxpayer's compliance decisions. 'A case study of the informal taxpayers in Accra Metropolis', is true, with the exception of the references cited, which I have duly acknowledged is my own research at the Department of Accounting and Finance at the Institute of Distance Learning, Kwame Nkrumah University of Science and Technology. This thesis work has not been published or submitted to another University for the award of a degree elsewhere.

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DEDICATION

I dedicate this work to the Almighty God for His guidance and grace throughout this period of study. I also dedicate my work to my dad Mr. Moses Ackah-Jayne.

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I would like to thank God almighty firstly for seeing me through this course and this work. My second thanksgiving goes to my able supervisor Dr. A.S Atchulo. I appreciate his invaluable guidance and contribution throughout the process.

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ABSTRACT

It is still unknown how attitudes and perceptions of taxpayers in Accra Metropolis affect their choices regarding tax compliance. This study examined the relationship between taxpayer attitudes, perceptions, and their influence on tax compliance decisions in Ghana using data from informal taxpayers in Accra Metropolis, Ghana. According to the empirical findings, taxpayers' perception has a negative, significant impact on taxpayers' attitude. The second hypothesis of this study is supported once more by the positive significant effect of taxpayers' perception on tax compliance decision. The third hypothesis of the study is also supported by the fact that taxpayers' attitude have a negative, significant impact on their decision to comply with tax laws. Finally, among informal taxpayers in Ghana's Accra Metropolis, taxpayers' attitudes mediate the relationship between taxpayer perception and tax compliance decision. The study comes to the conclusion that taxpayers' expectations for compliance are significantly influenced by how they view the compliance of their peers. When widespread noncompliance is seen, taxpayer attitude deteriorate; however, when honesty is norm, they improve. According to some research, for instance, higher compliance levels were associated with higher ethical convictions, which in turn were associated with higher compliance levels. This suggests that the relationships between personal standard, social norms, and tax. The study's conclusion suggested that GRA Office provide ongoing training and education to increase taxpayers' tax knowledge and awareness in order to eradicate or significantly reduce negative attitudes toward taxes. Tax authorities may choose to inform taxpayers of the purpose for collecting taxes, the methodology used to determine tax rates, and the intended use of the funds. Understanding these ideas not only increases the amount of tax due, but also encourages taxpayers to view taxes more favorably.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Tax is a mandatory financial obligation imposed by the government with no expectation of return or tax is a compulsory payment by the public with no direct benefit to them. It force a personal obligation which cannot be escaped on the people to pay tax if they are liable to pay it (Tilahun, 2019). Over the past few years, taxation has become one of the main revenue sources for all governments, and the government of Ghana is no exception, though the government often obtains funds from grants from international donors and levies from the country. The government of Ghana relies on tax funds to undergo different developmental projects in the country. These developmental projects require a significant amount of funds to be undertaken and the government relies on grants, taxation, levies, loans and fines. The effectiveness of Government mobilization of revenue from taxes is dependent on the level of compliance of the citizens on taxation. Tax compliance has been a major concern for many countries including developed and developing countries. Taxpayers' attitudes had a greater impact on the tax mobilization as their attitude and perception of the tax system will greatly influence their willingness to fulfil their tax obligations. Up till now, tax compliance in various countries has been a major issue and a major concern for the tax authorities and tax administrators and Ghana is no exception to this. The tax authorities in Ghana are constantly faced with difficulties in mobilizing revenue for the Government due to noncompliance on the path of taxpayers in Ghana. Numerous factors may have an impact on taxpayers' attitude toward compliance, which in turn may have an impact on taxpayers' behaviour. (Kiow et al., 2017). Since tax evasion substantially jeopardizes governments' ability to produce public money, tax compliance has consequently led to

enormous international worries for tax authorities and policymakers. (Radae and Sekhon, 2017). Most taxpayers fulfil their tax obligation not because they are scared of evading it but believe it is their civic duty to do that. Others, if had the opportunity, may not pay their taxes but due to it, the mandatory classification does not have the option to evade it. This result in citizens looking for loopholes to evade tax or reduce the taxable amount payable. Due to the high level of the desire to evade tax, a lot of researchers have undertaken studies to examine the factors that lead to non-compliance with tax laws and their evasion. The perception and attitude of taxpayers have a high impact on their compliance decision. Such perception and attitude may include the under listed.

The degree to which Ghana's tax system is complex and the tax laws are understood by taxpayers. Understanding the tax system and laws can help taxpayers make better decisions about filing their taxes. The complexity of the tax laws and their system makes taxpayers reluctant to fulfil their tax obligation. The more complex a tax system is, the higher the compliance cost will be and individuals and business change their behaviour in response to tax laws (Fauziati et al., 2020). Mitu (2016) claim that the intricacy of the tax scheme results in a paradigm toward tax law and will lead to a rise in the unwillingness of taxpayers to oblige to their tax obligation. One possible way of ensuring tax compliance is to enhance taxpayers' knowledge of the tax laws (Saad, 2014). The degree to which taxpayers understand themselves has a significant bearing on their decision to comply with the law, as a lack of comprehension will result in a lack of appreciation for the value and necessity of the tax that will be collected.

The perception of taxpayers' that tax is a burden to them. That is taxpayers perceive that the tax rates are high and unfair. Taxpayers believe the tax system should be

equitable and fair and that people who receive higher income should be made to pay a higher tax rate as compared to those who receive lower income. These citizens take into account the amount of tax they pay and when compared to high-income earners are of the view the tax rate is not equitable and this may influence their tax compliance decision. Sebele-Mpofu (2021) stated concisely that, "the quantity of taxes that can be raised depends directly on how transparent the tax system is and how ready people are to pay taxes". The majority of taxpayers are concerned about the fairness of the tax system and consider the burden of tax when making judgements about tax compliance. According to Abdulsalam et al., (2014), tax rate and tax compliance in Africa are positively correlated. It additionally stated that the tax rate has a substantial harm to African tax compliance.

Another taxpayer's attitude that influences compliance is the level of government accountability of the tax revenue collected. Transparency in government on tax income collection encourages citizens to fulfil their tax obligations. One aspect that can affect a taxpayer's decision to comply is whether they believe their money is being used wisely and that they are receiving a fair share of the advantages from the government or others not upholding their obligations (Rahman, 2017).

1.2 Statement of the problem

Tax revenue has been established to be the government's major source of revenue for its economical and developmental activities for both developed and developing countries (Ayee, 2010). The mobilization of revenue is the most fundamental concern for every government in the world. It has been observed from the introduction of tax that Ghanaian's attitude towards it was mostly negative. This has caused the revenue of the government to decline and has therefore led to a low-level revenue for the country (Ghana Revenue Authority, 2018).

The significance of taxes to economies and the reluctance of citizens to pay taxes have spanned a plethora of studies on tax compliance (Mbilla, Gatsi, Arhin and Ayimpoya, 2018; Owusu, Bekoe and Mintah, 2019; Sebele-Mpofu and Chinoda, 2019; Amponsah and Adu, 2017; Yee, Moorthy and Soon, 2017). Further studies have buttressed the point that tax compliance is positively linked to the perceptions individuals have concerning the tax system (Naeem and Gulzar, 2021; Kasper, Kogler and Kirchler, 2015; Schwartz, 2014). Many developing nations, such as Ghana, are unable to produce the necessary tax income for national development (Jones et al., 2019); hence, the problem of tax compliance becomes a concern.

The significant number of literature on tax compliance in relation to developing economies such as Ghana have been focused on the informal sector (Mbilla et al., 2018; Owusu et al., 2019; Ameyaw et al., 2016; Carsamer and Abbam, 2020). Several of these studies are focused on Small medium Enterprises and Self-employed individuals. Previous research (Abdullahi, 2017; Eliamini, 2018) have criticised the poor and incompetent tax knowledge of taxpayers (with the majority of them in the informal sector) in developing countries, despite the complexity of tax laws. Consequently, tax expertise and the complexity of tax law are considered to be intertwined and as significant factors influencing tax payer noncompliance.

In terms of existing research in Ghana, there is a knowledge gap in current literature about perceptions of tax requirements, deductions, exemptions, and tax credits and the informal taxpayers. There is no consensus on what they (the informal sector) now know and what they need to know about taxation and compliance. It is critical to identify the known and unknown perceptions if real progress in resolving noncompliance can be

achieved. Determining how different perception of tax complexity and current tax knowledge affect taxpayers' compliance decisions is the aim of this study.

1.3 Objectives of studies

The general objective of the study is to assess the impact of taxpayers' attitudes, perceptions and its influence on tax compliance decisions.

Specific objectives

The research-specific objectives are:

- i. To assess taxpayers' perception of Government accountability and its impact on their attitude.
- ii. To evaluate the extent to which taxpayers' perception of the complexity of the tax system and tax laws influence their attitude towards tax compliance.
- iii. To evaluate taxpayers' understanding of the tax laws and its influences on their attitude toward tax compliance decisions.

1.4 Research questions

- i. What is the relationship between taxpayers' perception of government accountability and their compliance decisions?
- ii. To what extent does the level of taxpayers' understanding of tax laws influence their compliance decisions?
- iii. What is the relationship between taxpayers' perception of the burden of tax and their compliance decisions?

1.5 Significance of the study

Tax is of importance to every country and tax revenue mobilization is of major concern to the most government in various countries. As a result, an ineffective revenue mobilisation system is of significant importance to the government and the tax

authorities. Tax authorities and officials need to be well informed on the reasons why predicted tax income is not being fulfilled to develop an efficient revenue mobilization system. A major factor has to do with taxpayers' reluctance to oblige the tax laws. The study helps understand how taxpayers' attitudes toward taxes will affect whether they comply with the tax law.. This study will enhance the Tax Authorities' knowledge about the factors that influence taxpayers' compliance decisions and develop means to enhance their operations to minimize or evade tax evasion.

1.6 Scope of the study

Due to the broad nature of this study, the research will be limited to the informal taxpayers in the Accra metropolis. Accra was selected as it will aid in the information gathering and also it has a well proportionate number of informal and formal taxpayers. This research will focus on how the attitude of taxpayers in the Accra Metropolis especially those in the informal sector will influence their compliance decision. The data to be analyzed in this study will be obtained from the responses received from the questionnaires distributed.

1.7 Organization of the study

This research study report will consist of five sections. Chapter one is the introduction which includes the background of the study, problem statement, aims, and significance. The literature review in chapter two entails a summary of various literature studies that has being conducted and will contain a discussion of various ideas and concepts. Details of the methodological technique used to obtain the results will be detailed in chapter three. The study design, sample, data collecting technique, and data analysis will all be included in the methodology. The fourth chapter will discuss the findings of the studies

and debates, which are backed by findings from other research efforts. The fifth chapter will include a summary of the study's principal results, conclusions, and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter two deals with the literature review, this section helps the researcher to review the works of other researchers done in relation to my study. The literature review part consist of three parts: the Conceptual Literature review, Theoretical literature reviews and the Empirical review. The Conceptual literature review outline the definition of the various key concepts, theoretical literature reviews theories and models in relation to taxpayers' attitudes and compliance decisions whiles the empirical literature reviews articles by scholars in relation to our study.

2.2 Conceptual Review: Definition of key concepts

2.2.1 Tax compliance

Tax compliance is the degree to which a taxpayer complies or discomplies with national tax laws. (Kiow et. al., 2017). Olaoye et al. (2017), describe tax compliance as where without the use of enforcement activities, s person is willing to operate in line with both the language and the spirit of the law and administration.

Governments and taxing bodies around the world value citizen's capacity to pay their fair share of taxes. Although "tax rules are not always accurate," it is difficult to get people to comply with tax regulations (Musimenta, 2020). Tax revenue isn't the only thing impeded by noncompliance; government programmes may also fail when citizens don't pay their fair share (Rosid et al., 2019). The law, the economy, the accounting

profession, psychology, and public finance are just few of the disciplines that may provide light on the complexity of tax compliance challenges (Pham et al., 2020).

Incentives and penalties combined with effective tax administration are what motivates taxpayers to pay their fair share of taxes. It is well acknowledged in the literature on tax compliance that taxpayers' beliefs about the tax system's fairness play a substantial role in determining their level of compliance. If people believe the tax scheme is unjust, they may be extra inclined to participate in tax evasion and other forms of noncompliance. Awareness of tax concerns and tax knowledge did impact the degree of tax compliance since taxpayers' perceptions strongly associated with knowledge and experience.

The economic approach and the psychological approach are the two main schools of thought identified by the research in this field. These theories are frequently used to provide explanations for tax compliance (Twum et al., 2020; Wahabu, 2017; Kiconco et al., 2019; Tilahun, 2019; Jimenez and Iyer, 2016). The economic school of thought endorses the tax gap hypothesis and makes economic theory and model recommendations. For instance, in an economics-based paradigm, tax compliance is driven by the opportunity cost of not paying (Wahabu, 2017). Tax compliance may best be understood via a psychology-based or behavioral perspective, yet this school of thinking supports the voluntary premise (Jimenez and Iyer, 2016). However, the psychology-based method relies on individuals' own subjective experiences, values, and societal conventions to increase their likelihood of paying their fair share of taxes (Young et al., 2016). Depending on the methodology used, researchers in the field of tax compliance studies have described tax compliance as a problem with economic rationality or behavioural cooperation.

2.2.2 Tax knowledge

According to Devos (2016), having tax knowledge can include having a general understanding of finance, being aware of opportunities for tax evasion, having a general education, or knowing the tax code. In Wong and LO's (2015) definition of tax knowledge, which also refers to one's perception of their capacity to comply with the law, technical tax knowledge and general tax knowledge about the tax system and tax compliance are both included..

It is generally accepted that having a working knowledge of taxes entails a combination of a broad familiarity with financial matters, familiarity with the steps and duties involved in maintaining tax compliance, and an in-depth knowledge of the laws and regulations governing taxes. Evidence from the academic literature on taxes demonstrates that educating people may improve their tax views and attitudes about paying taxes (Yee et al., 2017). According to Fjeidstad and Heggstad (2012) and Wadesango et al. (2018)., there is a strong correlation between tax knowledge and a favourable attitude toward taxes, whereas a lack of information may result in a negative attitude toward taxes.

Consequently, gaining tax knowledge may influence taxpayer compliance. Efforts to improve taxpayers' tax knowledge may be able to influence their actions, given the importance of taxpayers' attitudes on their tax behaviour (Bornman and Ramutumbu, 2019). An inequitable distribution of tax knowledge or involvement is a potential barrier to influencing people's minds. Although people's tax morale and tax rules stay the same, a shift in taxpayer compliance behaviour is to be anticipated if information about the tax system can replace misunderstandings (Newman et al., 2018). According to the findings of some scholars, taxpayers' compliance may also be influenced by raising their awareness of, and motivation for, their social duty to pay (Heryanto et al.,

2020).

It has been proven by other academics that it is more cost-effective to help taxpayers in satisfying their tax duties than to spend more money on enforcement actions aimed at evaders. The tax administration stands to gain more money by assisting taxpayers in becoming more responsible citizens via education than it would from chasing noncompliers (Devos, 2016). The capacity to understand one's tax situation is crucial to the success of a voluntary tax compliance system (Newman et al., 2018). (Yahya et al., 2021). Research by both Adimassu and Jerene (2016) and Agyeiwaa et al. (2019) suggests that taxpayers' tax knowledge may be the most important factor of compliance behaviour in a self-assessment system. The correlation between tax literacy and improved voluntary compliance has been proven by various research (Yee et al., 2017; Kiow et al., 2017).

2.2.3 Taxpayers Attitude and Perceptions

Evidence suggests that, even after taking into account the influence of the system of tax structure, taxpayers' attitudes and beliefs have a significant impact on their compliance decisions. This research examines a range of perspectives, including those concerning government expenditures and perceived fairness.

Perception of Government Spending

Taxpayers should understand how their money is being used by the government, especially those who pay large amounts in taxes. Even though there is a dearth of research on the subject, it is safe to say that people are more likely to engage in tax evasion if they believe their government is misusing the money it receives through legal channels. Perception of government expenditure was shown to be substantially connected with tax compliance hypothetical questions, according to research by

Sritharan and Salawati (2019) on the drivers of tax compliance in Malaysia's selfassessment system. However, there was no statistically significant relationship between direct queries on tax compliance and government expenditure. According to Chebusit et al. (2014), a favourable correlation was found between SMEs' attitudes toward and perceptions of government expenditure and tax compliance. In conclusion, taxpayers' mentalities and outlooks may play a significant role in shaping their tax compliance actions. This means that government spending should be efficient (prudent) since various spending strategies achieve varying degrees of compliance.

Perception of Equity or Fairness

Justice or fairness is one of the central concepts in the design of taxation system, and it is debated as one of the tenets of a superior tax system (Lombard and Koekemoer, 2020). There are two perspectives on this: vertical equity, which holds that tax payments should grow in proportion to the size of the tax base, and horizontal equity, which holds that individuals in similar financial situations should pay the same rate of taxation. The vertical principle aims to make high earners pay a larger percentage of their income in taxes (Prichard et al., 2019). From the perspective of taxpayers, Van Dijk et al. (2019) propose three dimensions of fairness: (1) distributive justice, which is the fair distribution of resources (cost and benefit); (2) retributive justice, which is the fair application of punishments for violations of norms; and (3) procedural justice (viewed as the process of resource distribution).

Due to their desire for fair treatment with regard to their own needs and work, people care about distributive justice (Kim, 2017). Adimassu and Jerene (2016) contend that if a person thinks their tax burden is higher than that of other people in their income group, it will lower compliance levels more broadly at group levels. This is because taxpayers

want equality of treatment with other income brackets. A group may participate in tax evasion if its members believe their tax burden is disproportionately greater than that of other organizations (Alleyne and Harris, 2017). According to Onuet al. (2019), widespread tax evasion is a possibility if there is a widespread belief that the tax system is unjust.

However, people are more likely to abide by the rules if they think the tax system is fair and voluntary (Deyganto, 2018). According to Mukasa (2011), tax compliance is positively correlated with the degree to which taxpayers see the tax system as fair. According to Mukasa (2011), various notions of tax fairness have various effects on taxpayer compliance. The results show a strong positive correlation between tax compliance and the components of tax fairness in government transactions, general fairness, self-interest, and tax rate structure.

Stressed and discontented taxpayers are the result of retributive justice's use of unjustified and invasive audits and harsh sanctions (Kasim et al., 2018). The notion of retributive justice being unfavourable might lead to disobedience. Perceived fairness in tax proceedings relies on many factors, including impartial processes, taxpayer confidence in the tax authorities, and courteous, respectful service (Tan and Liu, 2016). Therefore, taxpayers anticipate that tax authorities will make available to them adequate information on tax rules and regulations to allow them to appropriately file their tax returns in a timely manner. According to Kiow et al. (2017), if taxpayers have access to more information on tax rules and regulations, they will be better able to judge whether or not they are being treated fairly and will be more likely to comply.

2.3 Theoretical literature review

2.3.1 Theories on attitude formation and change

A functionalist theory of attitudes was proposed by functionalist theory (Katz, 1960). He claimed that a person's attitudes are influenced by the purposes for which they are used. People adopt certain attitudes because they support them in achieving their fundamental objectives. Katz separates four categories of psychological needs that attitudes fill.

A. Instrumental; when something helps or benefit them, people tend to have positive attitudes towards it. People seek to minimize penalties while maximizing rewards. According to Katz, people acquire attitude that enable them to achieve this. People support political parties that will improve their economic situation; for example, business owners support parties that will maintain low taxes, and unemployed people support parties that will increase social welfare benefits. If changing their attitudes will help them achieve their goals or avoid negative outcomes, people are more likely to do so.

B. Knowledge – attitudes create a purposeful, ordered environment. People look for some level of structure, clarity, and stability in their daily lives. They benefit from having standards of evaluation thanks to attitudes. People can bring order and clarity to the complexity of human life through attitudes like stereotypes.

C. Value-expressive - Express basic values, reinforce self-image.

D. Ego-defensive – some attitudes shield people from facing fundamental truths about who they are or the harsh realities of life. They act as protective mechanisms. Katz's functionalist theory provides an additional justification for why attitudes shift. Katz asserts that a person's attitude changes when it is no longer effective and they experience blockage or frustration. In other words, according to Katz, changing

someone's attitude is more effectively done by altering their underlying motivational and personality needs than by altering their knowledge or perception of an object. Numerous theories and ideas have been put forth in relation to tax compliance decisions, and these theories and ideas can be broadly categorized into the fiscal and social psychology model and the economic deterrence model.

2.3.2 Compliance theories

In the second chapter of his book, 'Factors influencing individual Taxpayer Compliance Behaviour,' Devos (2014) outlined two models for tax compliance and its literature. This includes the fiscal and social psychology model and the economic deterrence model.

i. Economic Deterrence Model

The economic theory of compliance, which primarily emphasizes deterrence, is the foundation of this model. Increases in the likelihood of detection, higher tax rates, or the imposition of harsher penalties can all be used as deterrents. Alternately, it could come in the form of improved instruction, more publicity and advertising, and incentives. This model focuses on how penalties, sanctions, and other enforcement factors have a punitive effect on taxpayer compliance attitudes and behaviour.

Taxpayers are seen as 'perfectly moral, risk-neutral or risk-averse individuals who seek to maximize their utility and choose to evade tax whenever the expected gain exceeded the cost', according to the economic definition of taxpayer compliance. Thus, a straightforward 'cost-benefit' analysis is used to determine whether or not taxpayers should adhere to tax laws. According to some academics, people must balance 'the uncertain benefits of successful evasion against the risk of detection and punishment'.

As a result, a penalty structure is an important component of punishment and influences

people's decisions to evade paying taxes. Studies have showed that the pure economic deterrence model, which focused primarily on maximizing utility, gradually “watered down” to become a model that now includes other non-economic and persuasive factors, albeit in a rather crude form. The following scholars have contributed to this model: Allingham and Sandmo (1972) developed a model based on a number of assumptions, including the idea that taxpayers would maximize their utility if they knew the rates of fines and detection. Despite taking into account taxpayers' reputation as a variable, the formulae they produced were constrained and basic. While they argued that raising the penalty rate and/or the likelihood of detection served as a deterrent and encouraged greater income declaration, this was just a theoretical hypothesis that had not yet been tested.

The economic deterrence model was first studied by Srinivasan in 1970. Srinivasan based his theories on the idea that taxpayers were utility maximizers. Srinivasan argued that if the likelihood of detection did not depend on income, then as taxpayers' income rose, so would the degree of evasion. However, Srinivasan acknowledged that this assumption was largely untrue because the tax structure's goal was not just to raise money for the government.

ii. Fiscal and Social Psychology Model

The economic and social psychology models are combined in this model. This model's key insight is that people are known to have a variety of attitudes and beliefs that interact and react to social norms rather than simply being independent utility maximizers. To comprehend and forecast human behaviour, social psychology models deductively observe the attitudes and beliefs of taxpayers. As a result, this model analyzes studies that look at how human factors influence taxpayers' attitude and behaviour with regard to compliance.

2.3.3 Comparative and Political legitimacy and trust in Government

Further studies by Bello and Danjuma (2014), added two additional models to that of Devos compliance theories. These models include the Comparative treatment and political legitimacy and trust.

i. Comparative treatment

This model stated that it is normal for individuals to comply with the law if they perceive the process leading to laws as generally fair. They believe that individuals are more likely to exhibit higher tax compliance when they perceive the entire tax system as fair and vice versa (Sour, 2004). The influence of perceived fairness of the tax system on compliance decision is not limited to the treatment of the individual taxpayers only but also relates to the tax burdens of other individual, as well as their observed compliance behaviour. The perceive fairness of a tax system also increases when individuals believe that other people around also pay their taxes and this improves their willingness to comply (Sour, 2004). Conversely taxpayers perceive that tax evasion is prevalent in the community, the act gradually becomes the norm, and subsequently decreases their intrinsic motivation to contribute to the society (Torgler and Schneider, 2005). It further stated that the importance of equity and fairness in taxation is that it does not really matter if the outcome favours the individual taxpayer or not. Most taxpayers may still perceive a tax authority as fair and just, even if it acted against them, but in a good manner. This naturally results in fewer complaints about the authority's decision. Equity and fairness in tax matters also build mutual trust and cooperation between tax bodies and the taxpayers, which subsequently enhances voluntary compliance (GIZ, 2010). *ii. Political legitimacy and trust in Government.*

It looks from the perspective of Africa that of the political legitimacy, which Fjeldstad et al (2012) and (Ali, et al., 2013) defined as the belief or trust in the authorities, institutions and social arrangements to be appropriate, just and work for the common good. It is normal to expect that the more citizens trust their government and social institutions, the more likely they will voluntarily abide by the decisions and rules set by such government and institutions, and this influences tax compliances decisions (OECD, 2010). Palili, (2010) noted that the identification with the ruling government party and its policies also influences tax compliance. He contended that “if an individual favours the current ruling government party, he might choose to be compliant because he believes that the government is trusted, efficient and equitable”, while if he in a favour of the opposition, he might be more noncompliant because he perceive that the government is not on his side.

2.3.4 Theory of planned behaviour

The theory of planned behaviour (TPB) is a social psychology theory that explains how people act by focusing on how their intentions to do are influenced by factors such as their own attitudes about the behaviour in question, the norms that (Ajzen, 1991). TPB is an extension of the preceding Theory of Reasoned Action (TRA), which believes that individuals have volitional control over their behaviour and integrates behavioural intents as major motivators for forecasting real human behaviour (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975). When you go out with the goal of doing something, you increase your chances of really doing it. The problem, according to Ajzen (1991), is that partial control—which arises in response to opportunities and resources like time, money, knowledge, and ability—means that TRA cannot always explain why people behave in ways they didn't consciously choose to. The three parts of TPB—attitude,

subjective norms, and perceived behaviour control—have been applied to the study of tax compliance by AL-Rashdan (2020) and Hamdah et al. (2020), respectively, and have all shown positive effects on tax compliance intent.

2.4 Empirical Literature

2.4.1 Impact of taxpayers' perception on tax compliance decision.

The purpose of the study by Nkundabanyanga et al. (2017) was to determine whether or not there was a connection between the elements that people believe contribute to their tax compliance and their actual levels of compliance with the law. In order to learn about tax compliance in Uganda, the researchers used a correlational and crosssectional survey approach. Using SPSS and structural equation modelling with analysis of moment structures, they studied data from 205 survey takers. Perceived reasons for tax compliance or non-compliance, as well as indices of tax administration such as governmental efficiency, tax system transparency, and voice and accountability, strongly impact variations in tax compliance. Measures of tax compliance in Uganda include public expenditures' perceived value and distribution, tax rates, tax system inequality, and instances of tax evasion.

Tilahun (2019) in the research on determinant of Tax compliance: a systematic review described fairness of tax system as a concept which is related with having equitable tax system. He goes on to say that in terms of equality, tax principles should be just and based on each individual's capacity to pay taxes. He added that in his study he addresses earlier research projects that are related to variables that could affect tax compliance.

Numerous studies have found that fairness of the tax system, the tax rate, the impact of referrals, penalties, and the likelihood of an audit can influence taxpayer's compliance decisions.

In 2016, Jimenez and Iyer examined how social networks affect people's incentive to pay taxes. In a study of 217 U.S taxpayers, evidence for the influence of social factors on tax compliance was found. The findings indicate that personal internalization of social norms has an indirect effect on compliance intentions. They also came to the conclusion that confidence in government plays a crucial role in determining whether or not taxpayers choose to comply with the law.

Although academic and professional tax groups are becoming more interested in the significance of fairness in guaranteeing tax compliance, relatively little is known about the effects of interactional fairness. In order to investigate the impact of interactional fairness on tax compliance intentions and the role that detection plays in this connection, Farrar et al. (2019) performed an experiment with US taxpayers. Expectations of being audited by the tax authorities are reflected in the detection salience of taxpayers. Drawing on ideas from conditional cooperation theory, they hypothesise that increasing levels of detection would reduce the influence of interactional fairness on tax compliance aims and demonstrate that this is indeed the case.

The instance of Gedeo Zone was used by Deyganto (2018) to analyse the elements that affect taxpayers' attitudes on voluntarily complying with the tax system. The author used a hybrid methodology to compile his findings. Both Zone tax officials and taxpayers were surveyed for this investigation. To compile the necessary data for this report, a random sample of 323 taxpayers was drawn from a total of 1,678 taxpayers in the Zone, while the tax officers were chosen based on the researcher's best opinion.

Primary and secondary sources were mined for information. The officers and taxpayers' representatives were interviewed and given a questionnaire to fill out to obtain the primary data.

Secondary data were gathered via a search of relevant public and unpublished sources. Stata

12.0 and SPSS 24.0 were used to analyse the data for the investigation, which was conducted using a binary logistic regression model. The study showed no connection between tax voluntary compliance and opinions about government spending or equity and justice.

The slippery slope paradigm of tax compliance emphasizes the importance of confidence in authorities as a crucial predictor of tax compliance in addition to traditional enforcement measures like audits and penalties. According to data from an experimental scenario research conducted by Batrancea et al. (2019) in 44 nations across five continents (N= 14,509), confidence in authorities and power of authorities, as outlined in the slippery slope framework, increase tax compliance intentions and decrease intentional tax evasion across societies with various economic, societies with various economic, sociodemographic, political, and cultural backgrounds. Strong authorities (those regarded as effectively suppressing evasion) report the highest levels of enforced compliance, whereas trusted authorities (those perceived as benign and advancing the common good) record the highest levels of voluntary compliance. There was a negative interaction impact between trust and power, suggesting that they are not completely complimentary as was reported by several earlier research. Trust and power are highlighted as major factors of tax compliance in all countries, notwithstanding some between-country variances.

2.4.2 Effect of taxpayer's attitude on tax compliance decision

Individual taxpayers in Sri Lanka were the focus of a research undertaken by Jayawardane and Low (2016). Colombo, the capital city of Sri Lanka, and the Colombo district were the locations of the research, which aimed to assess and identify the most relevant elements that affect taxpayer compliance and to establish link between attitude and compliance behaviour. Individual taxpayers in the Colombo Metropolitan region were polled by

questionnaire using five-point Likert scales. Two hundred (200) individual taxpayers' records were gathered for statistical analysis using descriptive methods. The findings revealed a tax rate that was too high and an unjust tax structure. The decision to pay taxes can also be influenced by the complexity of the tax code and one's view on government spending.

According to the results of his study, Nkwe (2013) concluded that among Botswana's small and medium-sized businesses (SMEs), there is a highly substantial association between taxpayers' opinions and tax compliance behaviour. Therefore, taxpayers' mindsets affect their propensity to comply with tax laws. The attitudes of taxpayers are the primary source of noncompliance with Botswana's tax rules. That is, people are aware that a portion of their income is withheld for tax purposes, but they do not completely grasp how this amount is determined or why this amount is utilised rather than another. To add insult to injury, the taxpayers believe they are not contributing their "fair part" to the tax system. This is because they have no concept of what a fair share really is or on whom it ought to be enforced. To encourage compliance, positive reinforcement may be used in the form of rewards for taxpayers.

The factors that influence taxpayers' tax attitudes and behaviour were studied by Alasfour et al. (2016). In this study, the authors employ a questionnaire survey and a multivariate testing process to get the conclusion that tax evasion is ethically permissible in Jordan under certain conditions. Since the government is often seen as corrupt, tax evasion may even be morally obligatory. The data also revealed that the amount of government corruption has the opposite effect (tax morale), while the efficient use of tax revenue has a negative (positive) impact on tax non-compliance.

Tax rate and public opinions of the tax system both influence people's decisions to evade paying taxes in a positive way, however audit frequency and severity have the

reverse effect. The extent to which these factors play a role is influenced by the degree to which a person fears loss, is constrained financially, and is influenced by their peer group.

Determine the extent to which taxpayers are paying their tax obligations using data from KPP Pratama Boyolali, Wicaksono and Lestari (2017) examined how taxpayers' awareness, understanding of taxes, and attitude affected taxpayers' compliance. This study used a sample technique called convenience sampling. The research analysed data from two different types of sources: primary data and secondary data. As an analytical method, Multiple Regression was used in this study. According to studies, taxpayers' mentality has a major role in whether or not they comply with tax laws.

In a 2017 study, Yee et al. looked at how taxpayers' views of tax evasion were influenced by their attitudes about tax justice, tax knowledge, enforcement level, and social interchange under Malaysia's self-assessment system. Four hundred taxpayers were surveyed in order to compile the data used in the study. The study concluded that taxpayers' tax knowledge is the single most consequential feature of the tax system in determining taxpayers' tax ethics. Further, taxpayers' views on tax evasion in Malaysia are influenced by taxpayers' sense of tax morality.

2.4.4 Other determinants of tax compliance

Pham et al. (2020) conducted research in Vietnam to identify the key factors affecting Vietnamese businesses' compliance with tax laws. They used qualitative and quantitative research methodologies equally in their investigations. In the course of conducting qualitative research, focus group conversations with 10 chief accountants and tax officers were carried out. Research of a quantitative kind was carried out in

Vietnam by conducting interviews with the chief accountants or financial directors of 200 different companies. The findings of the study demonstrated that audit likelihood, company reputation, and firm ownership all have a significant impact on the degree to which taxpayers willingly conform to tax laws. The likelihood of being audited and the severity of the consequences had the greatest influence on taxpayer compliance. As a consequence of this, the tax authorities need to step up their scrutiny of companies' tax returns, tax payments, and tax refunds. The article's findings indicate that the possibility of an audit, the severity of the penalty, and societal standards all directly affect how closely people abide by the tax laws. Both voluntary compliance and forced compliance have an influence on tax compliance; however, voluntary compliance has a more significant impact than compulsory compliance does.

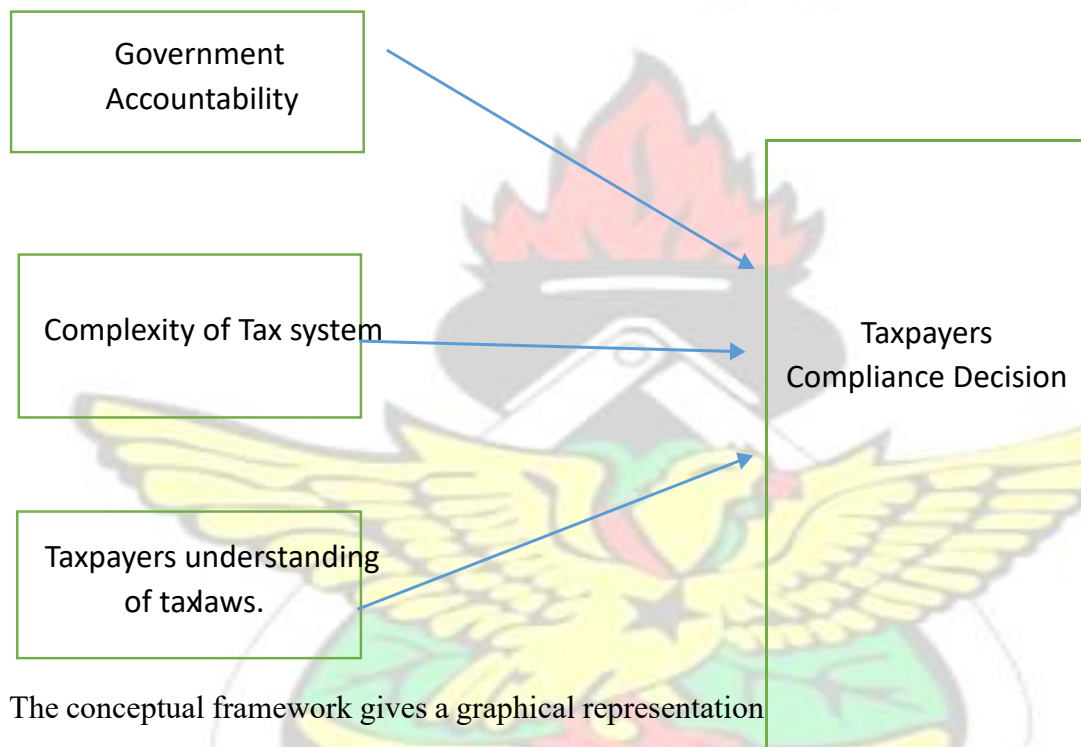
Using the theory of planned behaviour (TPB), Taing and Chang (2021) looked into whether residents of Phnom Penh, Cambodia, intended to pay taxes. According to the TPB, a person's attitude, their subjective norms, and their perceived amount of behavioral control are the three components that make up behaviour. The seven characteristics that were developed to analyze tax compliance intention were tax morale, tax justice, faith in government and perceived authority, tax complexity, tax information, and tax awareness. These determinants were developed based on the components. In order to investigate these factors, the authors conducted a survey in August of 2016 in Phnom Penh, which resulted in the collection of data from 402 individuals. The validity and reliability of the data set were evaluated using exploratory factor analysis and the Cronbach's alpha test, and the hypotheses were put to the test using an ordered logistic regression model. The findings indicate that citizens 'intentions to comply with their tax obligations are statistically influenced by tax morale, tax fairness, and tax complexity, whereas authority, trust in government, access

to tax information, and awareness of tax obligations are not statistically related to citizens' intentions to comply with their obligations. [Citizens'] tax compliance intention is not significantly related to tax morale, tax fairness, or tax complexity.

Researchers Okpeyo et al. (2019) looked at the variables that affect tax compliance by small and medium tax payers, the gap between the two types of filers, and methods to boost tax compliance in Ghana. For the purpose of the research, a stratified sampling approach was used to collect data from one hundred small and medium tax payers in Accra as well as other GRA employees. Both qualitative and quantitative analyses were performed on the data. The research conclusions shows that elements like the cost of compliance, tax rates, the frequency of tax audits, and taxpayers' ethics all have a significant effect on taxpayers' compliance. The GRA's findings indicate that business unions and organizations in Ghana have the ability to help raise the percentage of small and medium-sized taxpayers that voluntarily comply with the law. The results of the research give evidence that there is a significant disparity in the degree of tax compliance between small and medium size businesses. This discrepancy may be partially attributable to small firm' failure to file their tax returns by the deadlines set forth and to similarly maintain correct books and records of their business activities. According to Nurwanah et al. (2018), the factors that influence taxpayers to follow the law were examined and expounded upon via the lenses of the theory of planned behaviour and the theory of stakeholders. The study was carried out on a sample group that was made up of corporate taxpayers who were registered with the Directorate General of Taxes in the area of South Sulawesi. In order to choose the 560 samples that would be utilised in the study, they employed a method called proportionate random sampling. The research was carried out with the use of a technique called Partial Least Square (PLS), and the findings showed that the behaviour of taxpayers has a positive

and substantial influence on their desire to comply with tax laws. The formation of tax professional behaviour that complies with regulations may inspire constructive behaviour on the part of taxpayers, which can ultimately lead to the welfare of society being improved. The subjective norm has a beneficial and considerable impact on the desire to comply with tax laws.

2.5 Conceptual Framework



The conceptual framework gives a graphical representation of the relationship between the study constructs. Numerous research which has been discussed in the empirical review have already established the relationship between the constructs and also the theories discussed in this chapter has supported the relationship between taxpayers' attitude, perception and tax compliance decisions. The dependent variable here is the tax compliance decision and the independent variables are taxpayers' attitude and their perception.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methodology utilized in the study. Key methodological issues discussed in the chapter include research approach and design, population, sample, and sampling; data type and instrument, data collection, data analysis, reliability and validity, and ethical consideration.

3.2 Research Approach

Understanding new information is the goal of scientific research. As a result, the philosophical underpinnings of all concepts and fields of study. Understanding the research model is vital for employing appropriate research procedures and philosophies; all ideas and research have underlying philosophical origins (Nurwanah et al, 2018). Knowledge generation and practical use are fundamental themes in the philosophy of research (Saunders et al. 2015). Nurwanah et al. (2018) claim that a researcher's worldview is essential to the research philosophy they adopt. A fundamental understanding of research philosophies is necessary since it illuminates the chosen research design and permits the selection of the most appropriate one for the issue at hand, although many researchers undertake research without considering the philosophical foundations (Nurwanah et al., 2018). When considering the origins and development of human understanding, philosophers may look at things from several angles; one of them is epistemology. Knowledge creation, interpretation, and application are central to epistemological assumptions, as stated by Sunders et al. (2015). The epistemological viewpoint acknowledges that the scientific process may provide reliable knowledge through the testing of hypotheses (Sadress et al., 2019). As a result, the epistemological stance suggests a worldview in which new information constantly supplements existing knowledge.

The two most well-known, and opposed, research paradigms in the field of social research are positivism and interpretivism. There is a comparison between the first stance and a quantitative paradigm, and the second stance and a qualitative model (Sadress et al., 2019). While the quantitative model focuses on hard data, the qualitative model looks at how words and concepts are interpreted by different people. Due to the validity of these presumptions, researchers are constrained to conduct their investigations in particular ways.

Research should evaluate the relevance of theoretically developed hypotheses to the situations under investigation, according to a central premise of the positivist research philosophy (Saunders et al., 2015). Relevant and genuine results are achieved when empirical data obtained support the hypothesis. To investigate hypotheses and achieve study aims, positivist researchers rely on quantitative techniques (Creswell, 2014). Researchers will avoid prejudice and provide objective assessments of the research situation if they remain detached from the study population, as required by the epistemological perspective (Creswell et al., 2009).

When compared to positivism, interpretivism emphasizes the importance of a subject's meanings and interpretations of occurrences in the detection of events in a scenario of interest. According to Wicaksono and Lestari (2017), this outlook delivers a thorough account of relevant events to a researcher, whose interpretation then elucidates what's going on. Because of these presumptions, academics must conduct their research in a specific way. From an epistemological position, qualitative method researchers think it's important to get to know the actors and their social roles (Saunders et al., 2015) so that they can recognize the participants' unique views and learn from their input

(Sadress et al., 2019). The midway ground between these two extremes is represented by mixed techniques, often known as triangulation.

Using these methods, we find that positivism, the ideology at the heart of quantitative research, is a good fit for this research question. In a single research, quantitative methods of data collection were used since they were best suited to the investigation's purpose. Theories on attitude formation and change and the Taxation theory are used to formulate hypotheses in this study. Its goal is to use reliability and validity to evaluate and generalize research findings from an examination of theoretically formulated hypotheses regarding the impacts of a set of study variable constructs. After considering the epistemological context, the researcher will then make full use of positivist philosophical ideas.

3.3 Research Design

The basic philosophy for this study is positivism in research. The study examines the effect of taxpayers' attitudes, perceptions, and their influence on tax compliance decisions; since all the variables are measurable and can be represented numerically, it is assumed that the positivist approach fits well with the study's objectives. The study then used quantitative data collection techniques in a single study in accordance with the study's purpose.

The quantitative research methodology was used because it produce accurate and quantifiable data that can be extrapolated to a greater population (Ragab and Arisha, 2018). In addition, testing hypotheses created before data collection is perfect for evaluating and confirming already understood concepts about how and why events occur. In general, quantitative research is thought to approach the investigation using deductive reasoning (Ragab and Arisha, 2018). The study's research design was

explanatory. Examining the impact of taxpayers' attitudes, perceptions, and their influence on tax compliance decisions was made easier with the help of explanatory research. Last but not least, the study employed a cross-sectional survey design that uses deductive reasoning to the quantitative data (Night and Bananuka, 2019). The survey design enables the collection of data over a predetermined period from various units. The cross-sectional survey is thought to be more suitable for examining the impact of taxpayers' attitudes, perceptions, and influence on tax compliance decisions in Ghana with empirical evidence from the Accra metropolis because the study is conducted over a constrained period.

3.4 Population of the study

The population of interest refers to the target population constituting individuals or entities that the study seeks to treat (Wicaksono and Lestari, 2017). Night and Bananuka (2019) described the population of interest as the specific groups of individuals, businesses, or entities that the researcher seeks to treat and make generalizations based on the characteristics of those groups. For this study, the informal taxpayers in the Accra metropolis were considered as the target population. Accra was selected as it was aid in the information gathering and also it has a well proportionate number of formal taxpayers. This research focuses on how the attitude of taxpayers in the Accra Metropolis especially those in the informal sector influences their compliance decision

3.5 Unit of Analysis

According to Creswell (2014), a unit of analysis is the phases such as individual, organization, or group which will be used by the researcher to answer research questions and as well gather data. The study targeted all informal sectors in the Accra metropolis of Ghana as a unit of analysis. Specifically, taxpayers were targeted as the

study's key respondents for the business. The informal sector is the unit of analysis in this study, with the taxpayers in Accra Metropolis serving as the respondents. The reason for selecting the taxpayers was based on the premise that they are the primary persons in the running of their businesses and who unlike the formal taxpayers are not being deducted tax at source and are privy to information concerning the study. Therefore, they are deemed the appropriate respondents to help evaluate the constructs in the study i.e. taxpayers' attitudes, perceptions, and their influence on tax compliance decisions. Again, the nature of the study makes it very important to use informal business taxpayers who are seen to be the key persons as respondents for obtaining an objective response to the question items in the questionnaire.

These participants were considered to be in the position to provide accurate information regarding the practices, dealings, and success or failure of their business. The report indicates that informal business owners are better placed to disclose information on taxpayers' attitudes, perceptions, and their influence on tax compliance decisions (ALRashdan, 2020). They were required to complete the questionnaires professionally and honestly as representatives of the unit of analysis, though they could assign the responsibility to any other approved employee. Several instances of the organizational unit of analysis have been recorded (Know, Salleh, and Kassim, 2017). Again, most of the studies on informal business have used business owners as their unit of analysis (Wicaksono and Lestari, 2017). The researcher believes it appropriate to concentrate on the business level as the unit of analysis to conduct the research because the overall goal of the study is to examine the impact of taxpayers' attitude, perceptions, and their influence on tax compliance decisions and the information needed for this study.

3.6 Sample Size and Sampling Technique

The number of people or items to be included in the study is referred to as the sample size (Saunders et al., 2015). The methods used to select a sample for a research endeavor are referred to as sampling techniques (Tilahun, 2019). Probability procedures and nonprobability procedures are the two classes into which the sampling operations are divided. (Wicaksono and Lestari, 2017) Several factors go into determining the sample size for a certain study whether a researcher uses a qualitative or quantitative technique. Malhotra and Birks (Malhotra and Birks, 2007). Even though the sample size is a critical decision for any research, there is no single method for selecting it (Wicaksono and Lestari, 2017). The number of people or items to be included in the study is referred to as the sample size (Saunders et al., 2015). Fowler (2009) contends that working backwards while taking into account the likelihood of a response rate and the level of accuracy is the most acceptable method for determining sample size. Fowler comes to the conclusion that a sample of 150 persons would accurately represent a population of either 15,000 or 15 million people. The total population for both female and males in the informal sector taxpayers in the Accra Metropolis is 1,368,205 (Population Census 2010). For sampling to be effectively done in this study, a screening test indicated an estimated population of 20000 informal sector taxpayers around the selected area. Using the formula from (Nassiuma, 2000), the sample size was calculated. Only the bare minimum of numbers needed for data collection were provided by this formula. However, it is up to the researcher to decide whether to stick to the minimal sample size or go over it when gathering data in order to increase the representativeness of the sample frame. The researcher decided to go beyond the minimum sample which was about 99 to 180 respondents in order to make the study more reliable.

$$n = \frac{(20000)(0.5)}{5^2 + (20000-1)0.05^2} = 99.015$$

The prior sample size calculator for SEM is a popular method of finding sample size in structural equation modeling (SEM) (Hair et al., 2011). The convenience sampling method was used to distribute 180 questionnaires altogether. The G*POWER (version 3) software, a widely used shareware application used to measure power and sample size suitability, was used to examine the appropriateness of sample size. (Cunningham and McCrum-Gardner, 2007). G*POWER was used to do a repeated-measures ANOVA power analysis with one group and two major constructs. Given an alpha of 0.05, a power of 0.90, and a medium effect size ($f=0.17$), the results showed that a sample size of 180 is enough. Consequently, the sample size of 180 was greater than the minimum required, ensuring the validity of the findings.

After the determination of the sample size, the researcher must now determine the sampling technique for the study after determining sample size. Every researcher's dream would have been to collect data from every single person in a population. This scenario is only achievable when the researcher is working with small groups of people. When the population of interest is big, however, this census approach is not always viable. Accessing potential participants is also costly, time-consuming, and complicated. As a result of these issues, studies that use huge populations, such as this one, have depended on sampling procedures to pick a representative sample from the population of interest (Malhotra, 2010). Sampling is the process of selecting a sufficient number of components from a larger population or constituents in the hopes of using the data gathered from these sampled elements to make accurate judgments and inferences about the overall population (Hair et al., 2011).

There are two types of sampling procedures known in the literature: probability and non-probability sampling. In the case of study research, non-probability sampling is regularly used. While probability sampling is routinely employed in surveys and experiments, case study research frequently uses non-probability sampling. Despite this, when the sample population is exceedingly big, some researchers continue to utilize non-probability sampling in quantitative studies (Saunders et al, 2015).

In probability sampling, each component of the sample frame has an equal chance of being chosen, whereas the opposite is true in non-probability sampling (Dikko, 2016). As a result, valid inferences about the target population are difficult to make when nonprobability sampling is used. Even though non-probability sampling frequently relies on personal judgments and samples obtained using this technique may not always be a true reflection of the population, generalizations about the population can still be made (Dikko, 2016). Quota, purposive, snowball and convenience sampling techniques are examples of non-probability sampling methods. Choosing participants for a study based on who the researcher believes to be in possession of the necessary information is known as purposeful sampling. Several informal taxpayers in the capital of Accra will provide data for the study. The selection of sample units will be conducted using convenience sampling. Due to a lack of time and resources, this sampling strategy will be applied to choose and get access to taxpayers of the informal sector, specifically those in the Accra metropolis. Using a non-probability sampling strategy called 'purposeful sampling', the researcher selects the units to sample based on their expertise and prior knowledge. Due to their accessibility and location, informal taxpayers in the Accra metropolis will be chosen for this research.

3.7 Data Collection

According to Dikko (2016), data can be acquired in a variety of methods in various circumstances. Interviews (electronic, telephone, and face-to-face), survey surveys (given directly or electronically), observations (videos and audio), and motivating tactics are among them. While all of these data-gathering methods are significant, the survey questionnaire method was chosen as more suited for this study's data collection due to the study's objective, which is to evaluate the interrelationships among variables using a quantitative approach. The survey method is a way of gathering information about a big group of people's perceptions, judgments, and attributes (Malhotra and Birks, 2007). The basic purpose of surveys, according to positivist philosophy, is to create systematic observation using organized research questions to give uniformity and standardization (Ebrahimiyan et al., 2018). For researchers who want to collect primary data about a group that is too vast to examine or observe directly, a survey is usually the best option.

According to Ebrahimiyan et al. (2018), a survey approach entails the researcher selecting a representative sample with characteristics that mirror the larger population, as well as the use of well-developed standardized questionnaires to ensure that all respondents reply in the same way. The strength of the survey approach, according to Malhotra and Birks (2007) and Bag et al. (2020), is found in its standardized measurements. The data is usually quantitative and may be compared and examined using a variety of statistical approaches with ease (Creswell, 2014). Again, employing a questionnaire for data collection makes tabulation and data analysis easier and more straightforward, as well as provides some level of reliability (Smith and Albaum, 2005).

In keeping with Bag et al, (2020). beliefs, this study used a survey approach to data collecting, intending to elicit direct replies from taxpayers of the selected informal business on the attitudes, perceptions, and its influence on tax compliance decisions

Prior to the administration of the questionnaire, each respondent will get a briefing about the goal and key ideas. Additionally, the responders' confidentiality will be guaranteed. They will be reminded once more that taking part in the study is completely optional. The survey's instructions will ask respondents for their permission. Permission will be requested before interacting with the respondents in order to ask the chosen informal sector's business owners in the Accra Metropolis some questions. The relevant literature will be used as the foundation for the questionnaire's design. It should take one week to complete the self-administered questionnaire that will be used to gather the data. To protect their confidentiality, the responders will be given the choice between hand delivery and an online version. Each questionnaire will be administered in English. Researchers in this study used both online and offline channels to distribute questionnaires to the respondents that will be identified to be business owners of the selected informal sector. The online survey was sent out through google forms while the offline questionnaire will be administered in person to the respondents. The goal of combining traditional methods with digital ones is to get as many people as possible to respond. Due to the heterogeneous data used in this study, data aggregation (rWG and ICC tests) came first in the data processing phase, followed by checks for data quality and hypothesis testing.

Once more, the questionnaire was modified to assess how attitudes and beliefs of taxpayers affected their choices towards tax compliance. The questionnaire was broken into two sections: section A covered the respondent's demographics, while section B

covered the attitudes, perception, and influences of taxpayers on decisions regarding tax compliance. (Fauziati, Minovia, Muslim, and Nasrah, 2020; Newman, Mwandambira, Charity, and Ongayi, 2018) were used to adjust the items and construct, which were all measured using the Likert scale (Night and Bananuka, 2019; Fauziati et al., 2020). The majority of the questions on the instrument are closed-end questions graded on a 5-point Likert scale.

3.8 Method of Data Analysis

Any research project must include a method for analyzing the data, and the choice of this approach has a significant impact on the accuracy of the findings, interpretations, and recommendations that are made as a result of the analysis of the data. Being a quantitative study, this one used a variety of quantitative methodologies to analyze the data and achieve the objective stated in chapter one. All of the data was compiled in an excel spreadsheet after it had been collected for analysis. A few incomplete surveys were eliminated after careful inspection. The Statistical Package for Social Sciences (SPSS) version 26.0 was used for the analysis. Frequencies, mean, standard deviations, independent sample tests, and correlation analyzes were performed using the statistical Package for Social Sciences (SPSS). In testing the relationships, SMART-PLS using the partial least squares technique for structural equation modeling (PLS-SEM) will be employed. The analysis of SEM models uses the two-step technique proposed by Wadesango, Mutema, Mhaka, and Wadesango (2018). This research was considered to be suitable for PLS-SEM because it is less restrictive on residual distribution assumptions (multivariate normality assumptions) than other analytic methods such as the covariance-based approach to structural equation modeling (Wadesango et al., 2018). The PLS-SEM method of data analysis is used when the study's primary purpose is to predict certain target variables rather than do a confirmatory analysis.

3.8.1 Validity

A crucial aspect of research is ensuring that the instrument created to assess specific concepts actually and accurately measures the concept. The validity, according to Pampel, Andrighetto, and Steinmo (2019), relates to the extent to which an instrument assesses its intended emphasis. The validity of the research instrument will be examined through face, content, convergent, and discriminant validity (Almajali, 2021). For content validity, the important issue according to Pampel et al. (2019), is the methodology used to develop the questionnaire. Content validity was assessed through a thorough examination of the previous empirical and theoretical work of investigated constructs. The face validity of the questionnaire was evaluated through the pretest exercise of the questionnaire with selected taxpayers of the informal sector in the Accra metropolis, Ghana as well as the supervisors' expert review of the applicability and suitability of the questionnaire to achieve the study's intended objectives.

To ensure the ideas were distinct from one another and would accurately represent particular phenomena, measures of convergent and discriminant validity were designed (Almajali, 2021). A measure is considered to have convergent validity if there is a high degree of correlation between the items used to assess it and their ability to measure the same idea. According to Hair et al. (2011, 2014), while employing PLS-SEM, a researcher must analyze the average variance extracted (AVE) and make sure its value is at least 0.50 to prove the convergent validity of the reflective measurement model. Examining the Fornell-Larcker Criterion and cross-loading will help assess discriminant validity, which is defined as the degree to which measures of one construct differ from those of another construct (Henseler et al., 2015). In contrast to other latent

variables in the structural model, the latent concept demonstrates larger variation with its assigned indicators, as per the Fornell-Lacker Criteria. The average variance extracted (AVE) of each latent construct must be greater than the shared variance (squared correlation) of any other latent construct in order for discriminant validity, which is to have the cross-loading value in which the associated latent construct's indicator loading should be greater than its loading with other constructs holding constant (Hair et. al., 2014).

3.8.2 Reliability

Cronbach alpha and composite reliability were utilized to assess the research instrument's dependability in this study (Cooper, Schlinder, and Sun, 2006; Cronbach, 1951). Cronbach alpha is a measure of the correlations between the various items used to assess a construct (Creswell, 2014). Even though the literature says that correlation coefficients of 0.7 and higher are acceptable (Hair et al., 2010), other researchers believe that in exploratory investigations, a correlation coefficient of 0.5 is adequate reliability (Malhotra and Birks, 2007). In light of this, this study used Cronbach alpha and composite reliability tests which are routinely used in SEM research, to examine the research instrument's dependability (see Hair et al., 2010). In order to evaluate the overall reliability of the complete collection of items used to measure each construct, a composite reliability test was carried out due to the drawbacks of relying solely on Cronbach's alpha. A composite reliability score of less than 0.6, according to Hair et al. (2014), indicates weak internal consistency dependability but indicator values of 0.6 and above are regarded as acceptable.

3.9 Ethical Considerations

Every research has ethical difficulties. Informed permission, anonymity, confidentiality, and sympathetic neutrality were ethical considerations considered. The researcher made sure respondents did not record their names or phone numbers on the instrument to ensure anonymity and confidentiality. Since research study participation must be voluntary and researchers should not pressure respondents (Walker, 2007), taxpayers of the informal sector in the study gave consent before the study began. The researcher was given a letter of recommendation from KNUST's business school to acquire responder trust and access to restricted groups

3.10 Chapter Summary

The research methods were presented in this chapter. It illustrates the study's research methodology and provides an overview of the key participants. Methods for population sampling and instrument measurement are discussed, and the chapter concludes with ethical considerations.

The logo of KNUST (Kwame Nkrumah University of Science and Technology) is centered in the background. It features a yellow eagle with spread wings perched on a green shield. Above the eagle is a red torch. Below the shield is a yellow banner with the text 'NYANSAPƆ' on the left and 'BADWENMA' on the right. The entire logo is set against a light gray background.

CHAPTER FOUR

DATA ANALYSIS RESULTS AND DISCUSSION

4.0 Chapter Overview

This session shows the results of the data analyzed which consists of demographic characteristics, factor analysis, descriptive statistics, and a structural equation model

(SEM). The data analysis of the impact of taxpayer attitudes, perceptions, and influence on tax compliance decisions is further explained in this chapter. The chapter looked at the study's findings and generated hypotheses in relation to the goals.

4.1 Response Rate

In this study, the researcher distributed one hundred and eighty (180) questionnaires. Not all the surveys were completed and returned, giving a response rate of 95%. A response rate of 50% is sufficient for analysis and reporting, a rate of 60% is good, and a rate of 70% or higher is excellent, according to Mugenda and Mugenda (2003). This claim indicates that the current study's response rate was excellent.

4.2 Demographic Characteristics of Respondents

Demographics of the data are discussed below. Table 4.1 displays the frequency and percentage distribution of respondent attributes and responses.

Table 4.1: Demographic Characteristics

Variable	Category	Frequency	Percentage
Gender	Male	75	43.9
	Female	96	56.1
Age	18 – 30	30	17.5
	31 – 40	78	45.6
	41 – 50	57	33.3
	above 51 years	6	3.3
Educational Level	Diploma/HND	45	26.4
	Bachelor's Degree	84	49.1
	Master's Degree	42	24.6

Trade Group	Retailing/Trading	105	61.4
	Crafts/Technicians	66	38.6
Monthly Income			
	Less than GHC 1000	24	14.0
	GHC 1000 to 1999	27	15.8
	GHC 2000 to 2999	36	21.1
	GHC 3000 to 3999	51	29.8
	above GHC 4000	33	19.3

Source: Authors Computation (2022)

Table 4.1 shows that of the 171 respondents, 75 (or 43.9%) of them were male and 96 (or 56.1%) were female. The survey was therefore dominated by female respondents, but not excessively to establish a biased conclusion. The survey also collected information on the distribution of respondent's ages. According to the survey, 17.5% of the respondents were between the ages of 18 and 30. In addition, 78 of the respondents were between the ages of 31 and 40, while 57 were between the ages of 41 and 50, reflecting a corresponding age distribution percentage of 45.6% and 33.3%.

Consequently, the analysis reveals a mature class of respondents above the age of 51 with a distribution of 3.3%. The investigation also revealed educated and competent participants. The majority of respondent's tertiary degrees. 84 of the 171 responders (49.1% of the total) had Bachelor's degrees, according to the survey. Also, 42 (24.6%) of the respondent had a master's degree with 45 (26.4) of the respondent having a diploma/HND. The results further indicate the trade group, the findings reveal that 105 (61.4%) are in Retailing/Trading business in Accra Metropolis while the remaining 66 (38.6%) are in the Crafts/Technicians business. Finally, the study reveals that most of the respondents had an average monthly income of GHC 3000 to 3999 with the lowest frequency of 24 which reportedly had monthly income less than GHC 1000

Table 4.2 Descriptive Statistics

Construct	Mean	Std	Kurtosis	Skewness
Taxpayers Attitude	3.89	0.83	-0.217	-0.699
Taxpayers' perception	3.71	0.95	0.256	-0.409
Tax compliance decisions	4.01	0.89	-0.761	-0.30

Source: Authors Computation (2023)

The raw data are summarized by the mean values, and the standard deviation indicates how well the mean values represent the data. (Field, 2009). How well the statistical mean fits the observed data is determined using the mean and standard deviation (Kasimu et al., 2020). Table 4.2 lists the findings of the descriptive analysis. The outcome indicates that the attitude of taxpayers received a mean and standard deviation of (M=3.89; St.dv= 0. 83). Taxpayers' perception scored (M=3.71; St.dv= 0.95), tax compliance decisions scored (M=4.01; St.dv = 0. 89). The findings demonstrate that there were few deviations from the mean values of all the constructs, indicating that the calculated or statistical mean is consistent with the observed mean. Kurtosis or skewness, which is used to assess the normality of data, is also presented in Table 4.2.

According to Hair et al. (2010), these two measures are excellent for displaying the shape of the probability distribution of statistical data. As previously stated, the general rule of thumb is that most constructs should fall between -2 and +2. But the outcome in Table 4.2 demonstrates that taxpayers' attitude, taxpayers' perceptions, and decisions regarding tax compliance are all within acceptable bounds, which justifies the use of PLS-SEM in this study.

4.3 Exploratory Factor Analysis (EFA)

Exploratory factor analysis is useful for reducing the size of a study's sample when there are twenty to fifty items to be studied (Chang and Chen, 2013). The indicators used in the study may have less variation if exploratory factor analysis is used. This would make them more straightforward to evaluate, interpret, and analyze. Hypotheses not only address the validity of the scale, but also the mechanism by which alternative theories are tested, validated, or rejected (Williams et al., 2012). Exploratory factor analysis was used to determine which variables were being measured and which items best represented them (Edkins and Pollock, 1996). The SPSS program incorporated a combination of the varimax and principal components analyses (PCA). The use of the varimax method guarantees that the study's parameters will remain stable, allowing for precise inference. For a matrix item to be useful as an indicator, its loading should be greater than or equal to 0.30, as suggested by Pallant (2005). Norusis (1993) suggests that any factor loading of 0.50 or more should be considered significant. The cut-off point used in this study was 0.70. Products that were found to be deficient in some way were thrown away.

Table 4. 3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.942
Bartlett's Test of Sphericity	Approx. Chi-Square	690.723
	Df	28
	Sig.	.000

Source: Authors Computation (2022)

The results of the factor analysis of three constructs- taxpayers' attitude, perception of taxes, and tax compliance decisions- were presented in Table 4.3. The Kaiser-Meyer-

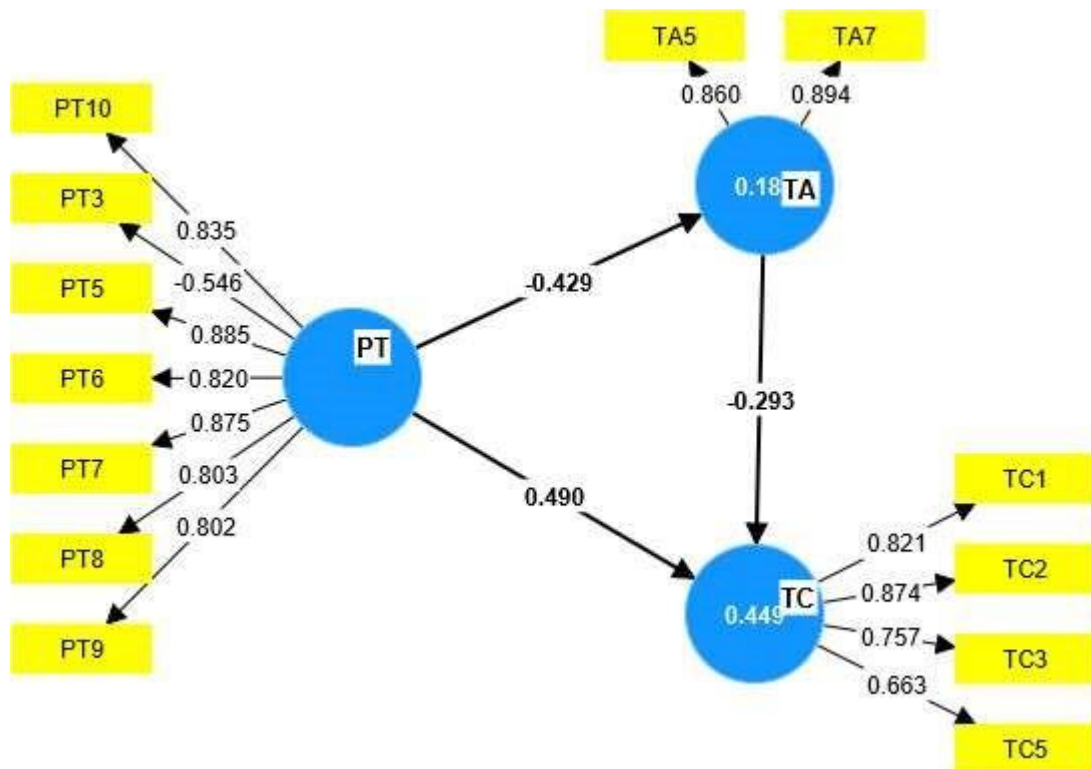
Olkin and Bartlett's test ($\chi^2=690.723$, $KMO=0.720$, $DF=28$, $p<0.05$) shows the applicability of factor analysis and the sufficiency of sampling. (Hair et al., 1998). It implies that these dimensions were appropriate for additional analysis to be carried out.

4.4 Confirmatory Factor Analysis

This study model was developed with the use of the Partial Least Squares algorithm (PLS). SmartPLS can be used to take measurements and measure the study's structural model (Ringle et al., 2015). The accuracy results were derived using the measurement model, which examines the precision of measures created for each construct. The reliability test assesses the degree to which two or more sets of measurements of the same constructs are error-free (Hair et al., 1998). Internal consistency reliability through the use of composite reliability is the most typical measure. However, validity evaluates the amount to which the collected data precisely represent the items being researched (Newman, 1997). Content validity, construct validity, and external validity are the most common types of validity evaluations. Internal consistency reliability and construct validity were used in this study as model measurement tests (convergent and discriminant validity). The model measurement was obtained with the aid of the PLSSEM testing method by evaluating the discriminant and convergent validity. Convergent validity indicates the extent to which a measure positively correlates with other measures (Hair et al., 2014). This was determined by analyzing the constructions' loadings and the extracted average variance (AVE). On the other hand, internal and composite reliability were both used to evaluate the validity of the constructs. The degree to which one item or variable's measurement is unrelated to the measurements of other variables is assessed as part of the discriminant validity.

These are evaluated by examining their interaction (Kline, 2005). In conclusion, convergent validity is achieved when an indicator only measures the structures it is intended to identify, whereas discriminant validity denotes that the constructions' items do not measure additional constructs (Neumann, 2003; Hair et al., 1998). As stated in the study, the convergent and discriminant validity results showed that the construct indicators are loaded on the variables they are expected to assess but not on other constructs. Confirmatory Factor Analysis was performed using SmartPLS to determine the validity and reliability of the measurement model. The maximum likelihood estimation method was used to assess the constructs' validity and dependability. Before proceeding with the structural analysis, the model measurement assessment was performed. Composite reliability (CR) and average variance extracted (AVE) are used to evaluate the accuracy and precision of a model's measurements (AVE). Since the composite reliability (scale reliability) for all ideas in Table 4.4 is greater than 0.70, it can be concluded that they are all internally consistent and reliable. Fornell and Larcker (1981) and Henseler et al. (2015) both found similar results. AVE, which was also used to test the convergent validity of the constructs, was found to be greater than 0.5. The model's discriminant validity was evaluated with the help of the HTMT ratio and the Fornell-Larker criteria. There are no discriminant validity issues with the employed model because the square root of the AVEs was larger than the interclass correlation among the variables in the model (see Table 4.4 below). The HTMT ratio was used to conduct a more in-depth analysis of the discriminant validity test, and the results showed that the HTMT threshold (0.9) had been reached, lending credence to the study model's discriminant validity.

Figure 1: measurement Model



4.4.1 Composite Reliability

In this case, the composite reliability proved the construct reliability. To investigate the construct's dependability in the model, we employed the technique of Composite Reliability (CR). The Composite Reliability (CR) method takes a backward look at reliability to estimate how well each constituent construct holds together, taking into account factors like stability and equivalence (Hair, Black, Babin, Anderson & Tatham, 2010). It is generally accepted that scale reliability is high if the composite reliability (CR) value is at least 0.70 (Hair et al., 2010). All of the latent variables in Table 4.4 have a CR greater than or equal to 0.70, with values ranging from 0.89 to 0.94. In this way, it is demonstrated that all latent variables are highly reliable.

4.4.2 Test for Validity

The definition of validity in research is the degree to which a scientific experiment or piece of evidence accurately reflects the reality it purports to represent or measure (Cohen et al., 2013). Three different ways that validity can be measured include convergent validity, discriminant validity, and face validity (Bryman, 2015).

4.4.3 Convergent Validity

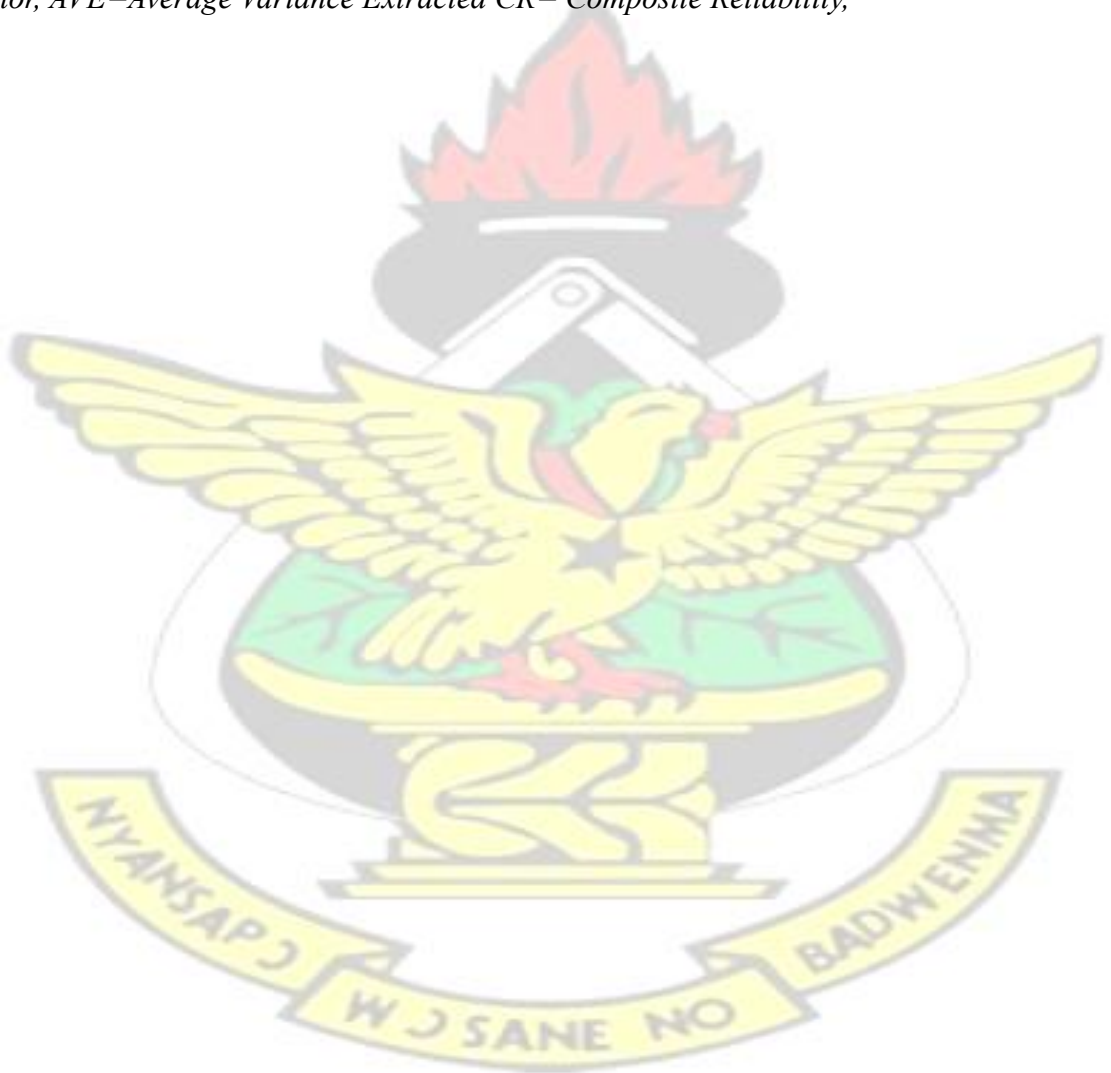
Using an alternative measure of the same construct, convergent validity assesses the level of correlation between the two. The convergent validity was established in this work by employing the outer loading of indicators and the Average Variance Extracted (AVE). With external loadings greater than 0.78, we know that the latent variables can account for at least 50% of the variation in the observable. Once the AVE rises above 0.5, loads of 0.5, 0.6, and 0.7 are considered safe. Analyzing the level of variance explained by different factors. The range of AVE values is 0 to 1. To show adequate convergent validity, it needs to be greater than 0.5. (Bagozzi and Yi, 1988; Fornell and Larcker, 1981). To ensure that the items being used to measure each concept are indeed convergent, a statistic known as the average variance extracted (AVE) is used. Every indicator's loading on a structure is quadrupled, and the average is then used to calculate the AVE. A value of at least 0.50 indicates that the idea adequately explains at least half of the variance among its components (Hair et al., 2019). It can be seen in Table 4.5 below that AVE, which was also used to evaluate the convergent validity of the constructs, was greater than the 0.5 thresholds in this study.

Table 4.4: Validity and Reliability Test

Construct	Items	Loading	CA	CR	AVE	VIF
Taxpayers Attitude	TA5	0.860	0.701	0.709	0.769	1.411
	TA7	0.894				1.491
Taxpayers' Perception	PT3	0.864	0.807	0.911	0.644	1.582
	PT5	0.885				1.228

	PT6	0.820				2.266
	PT7	0.875				2.891
	PT8	0.803				1.278
	PT9	0.802				2.540
	PT10	0.835				2.983
Tax	TC1	0.821	0.788	0.829	0.769	1.792
Compliance						
Decisions	TC2	0.874				2.025
	TC3	0.757				1.625
	TC5	0.809				1.321

Source: Authors Computation (2023): where *CA*=Cronbach Alpha, *VIF*=Variance Inflation Factor, *AVE*=Average Variance Extracted *CR*= Composite Reliability,



4.5 Inter-Correlation Matrix and Discriminant Validity

Discriminant validity is met if the square root of the AVE construct is larger than the inter-factor correlation, as stated by Fornell and Lacker (1981). From table 4.5, it is clear that the AVE square roots were higher than the correlation coefficients. As a result, the study's constructs demonstrate the instruments' discriminative validity by being distinct from one another. As can be seen in table 4.5 below, multicollinearity is not a problem because the correlation was below 0.80. (Hair et al, 2010).

Table 4.5: Inter-Correlation Matrix and Discriminant Validity

Constructs	AVE	1	2	3
Tax Compliance Decisions	0.769	[0.79]		
Taxpayers' Perception	0.644	.292**	[0.76]	
Taxpayers Attitude	0.769	.211**	.597**	[0.75]

Notes: ** "All intercorrelation coefficients are significant at 0.01, AVE = Average Variance Extracted. The diagonal figures in the bracket represent the square root of the AVE and the sub-diagonal figures are the latent construct for intercorrelations".

4.5.1 Structural Model Evaluation

The structural model, sometimes referred to as the inner model, enables researchers to assess the model's capacity and predict one or more target constructs. Newton and Rudestan (1999) and Hair et al. (2017) believed that path coefficients represent the degree of change in independent constructs while all other independent constructs remain constant. As stated previously in the structural model, the route coefficient represents hypothesized relationships between the dependent and independent variables (Henseler et al., 2016; Wang, 2016; Kock, 2016).

The structural path coefficient results are shown in Tables 4.6 and 4.7. At a significance level of 5%, there was a significant association between the constructs if their t-values were at least 1.96. Additionally, the p-values of the constructions were all less than

0.05. Once the reliability and validity criteria for the measurement model have been met, the analysis can proceed to the structural model evaluation and hypothesis testing, which involves looking at the dependent variable variances and the model predictive relevance with tools like stone-Q2, Geisser's path coefficients, and significance levels (t-values).

4.5.2 Bootstrap Resampling Method

An internal model is built into the structural model so that its validity can be evaluated and one or more of the target components can be predicted. This study bootstraps 5000 samples with replacement and standard error to investigate the direct relationship between the measurement model coefficients and the variables of interest (Hair, Sarstedt, Hopkins, and Kuppelwieser, 2014). Collinearity, f-value, p-value, path coefficient, r-squared, and f-effect size are all tested within the framework of the structural model. When two indicators are highly correlated, we have collinearity. To analyze the degree of collinearity between the latent variables, we calculated the variance inflation factor. To flag potential collinearity issues, the cut-off value will be $VIF \geq 5$ (Hair et al., 2011). A path coefficient of 1 in the structural model denotes a very strong relationship. The research will employ p-values for the structural path coefficients if bootstrapping reveals that the route coefficients rely significantly on their standard error.

4.5.3 Predictive Relevance (R2 and Q2)

Values of R2 between 0.75 and 0.50 are considered strong, while values between 0.25 and 0.25 are considered moderate, and values below 0.25 are considered weak (Hair et al., 2018). However, as Chin et al. (2020) point out, the R2 needs to be understood in the context of its respective discipline. Table 4.6 and Figure 4.2 display the model's moderate predictive accuracy (R2) for Taxpayers' Perceptions and Tax Compliance

Decisions, respectively. These results suggest that taxpayers' attitudes and taxpayers' perceptions may explain 46% of the variation in tax compliance decisions. Therefore, the model is adequate for forecasting because it has a reasonable predictive capacity.

Another way of assessing the accuracy of the model is by computing its Q² value (Geisser, 1974; Stone, 1974). By randomly selecting one cell to remove from the data matrix, determining the abstract point, and then estimating the model phase, we can arrive at this value (Rigdon, 2014b; Sarstedt et al., 2014). Thus, Q² is not a prediction method, but rather a method that combines the sample prediction component with the sample's descriptive power (Shmueli et al., 2016; Sarstedt et al., 2017a). This estimate serves as a jumping-off point for the blindfold method's predictions of the publicly available data. A larger Q² value indicates a higher degree of accuracy because of the small difference between the forecasted value and the baseline. Q² for a given endogenous should be non-zero, indicating that the structural model makes reliable predictions of that variable. Q² values above 0 indicate no predictive importance, Q² values between 0.25 and 0.50 indicate some predictive importance, and Q² values above 0.50 indicate a great deal of predictive importance for the PLS-path model. The results show that the Q² values of taxpayers' attitudes and tax compliance decisions are 0.339 and 0.309, respectively (see Table 4.6). Based on the results, the model's predictive power is about average. Thus, all Q-square values are greater than the cutoff, indicating that the data have been faithfully reproduced and the model has predictive value.

Table 4.6: Predictive Relevance (R²) and Q²

Exogenous Constructs	R ²	Q ²
Taxpayers Attitude	0.491	0.339
Taxpayers perception	0.464	0.309

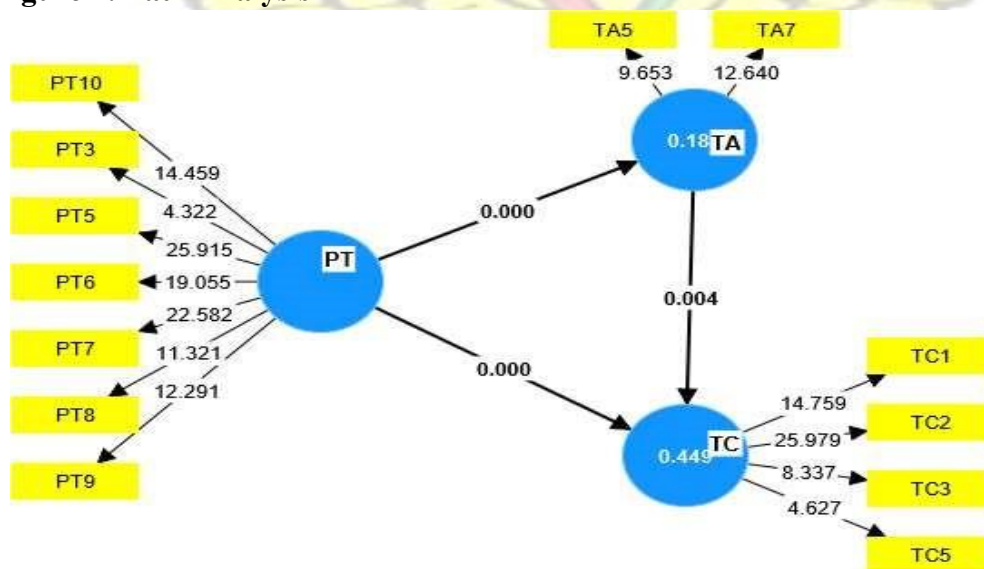
Source: Authors Computation (2023)

4.5.4 Hypotheses Testing for Direct Relationship

Figure 2 below shows the second stage of the analysis, which deals with the structural model evaluation. In Table 4.7 and Figure 2, the outcome of the structural model evaluation is displayed. The significance of the paths model was examined using PLS bootstrapping with 5,000 samples. Multicollinearity was assessed using VIF prior to the testing of the hypotheses, and the results showed that the recorded VIF values in this study fell below the 5.5 thresholds advised by (Kock, 2015). (See table 4.4). As a result, this supports the claim that the predictors do not suffer from multicollinearity.

Additionally, model fit was examined in accordance with Henseler and Ray's advice (2016). The results showed that the SRMR was roughly 0.73, well below the 0.8 thresholds. This suggests that the proposed model and the observed data have a good fit.

Figure 2: Path Analysis



4.5.5 Direct Hypotheses / Relationships

Table 4. 1 Hypotheses Testing for Direct Relationships

Hypotheses	Path Coef.	Std	P-Values	t-statistics	Support
PT->TA	-0.429	0.118	0.000	3.631	Supported

PT->TC	0.490	0.096	0.000	5.089	Supported
TA->TC	-0.293	0.101	0.004	2.893	Supported
PT->TA->TC	0.126	0.129	0.021	2.066	Supported

Source: Authors Computation (2023)

This section discusses the four hypotheses that were proposed in the study. The study hypothesized that taxpayers' perception will have a negative significant effect on taxpayers' attitudes among informal taxpayers in Accra Metropolis in Ghana ($B=0.429$, $t\text{-stat}=3.631$ and $p\text{-value}<0.05$). This result also implies that all other things being equal, a unit decrease in taxpayers' perception among informal taxpayers will contribute to approximately a 43% decrease in their taxpayer attitude. This confirms that the first hypothesis of the study is supported and concludes that taxpayers' perception significantly predicts taxpayer attitudes among informal taxpayers in Accra Metropolis. Again, there is a positive significant effect of taxpayers' perception on tax compliance decision, this support this study's second hypothesis ($B=0.490$, $t\text{-value}=5.089$, and $p\text{-value}<0.05$). Additionally, taxpayers' attitude has a negative significant effect on tax compliance decision, which support the third hypothesis of the study ($B=-0.293$, $t\text{-value}=2.893$, and $p\text{-value}<0.05$). Finally, taxpayer's attitudes mediate the relationship between taxpayers' perception and tax compliance decisions among informal taxpayers in Accra Metropolis in Ghana ($B=0.126$, $t\text{-value}=2.066$, and $p\text{-value}<0.05$).

4.6 Discussion

The impact of taxpayers' attitudes, perceptions, and their influence on tax compliance decisions among informal taxpayers in Accra Metropolis is still uncertain. This study used data from informal taxpayers from Accra Metropolis in Ghana to investigate the

connection between taxpayers' attitudes, perceptions, and their influence on tax compliance decisions in Ghana.

4.6.1 Taxpayers' perception and its impact on Taxpayers' attitude

The empirical results reveal that taxpayers' perception has a negative significant effect on taxpayers' attitudes, this confirms other studies (Kiow et al., 2017; Radae and Sekhon, 2017). Taxpayers' compliance expectations are strongly influenced by their impressions of the compliance of their peers (Frey & Torgler, 2007). Taxpayer morale drops if people witness widespread disobedience, but improves if they are generally honest. For instance, (Wenzel, 2016) found that more compliance led to increased ethical views and that stronger ethical beliefs also led to increased compliance, suggesting that the normative relationships between individual standards, social norms, and tax compliance are both complex and bidirectional. Fjelstad and Ranker (2018) made an interesting observation on how citizens' perceptions of government spending change depending on whether or not they believe their tax monies are being used wisely. Taxpayer loyalty is sure to rise if people realize that their money is being used towards essential government programs like public transportation, healthcare, and public security. When citizens believe their taxes are being spent wastefully and carelessly, they are more likely to engage in dishonest tax avoidance practices.

4.6.2 The impact of taxpayers' perception on tax compliance decisions

The empirical results reveal that taxpayers' perception has a positive significant effect on tax compliance decisions, this confirms other studies (Abdulsalam et al., 2014; Agyeiwaa et al., 2019). Taxpayers' perception of the tax authority's service quality influences taxpayers' tax compliance. This finding agrees with those of Alabede, Affrin, and Idris (2011) and Torgler (2007), but disagrees with those of Alabede, Affrin, and

Idris (2015) and Onipe Adabenege Yahaya (2015), which found a positive connection but insignificant. Taxpayer morale declines when widespread noncompliance is observed but rises when taxpayers are typically honest. For example, (Wenzel, 2016) discovered that greater compliance led to higher ethical beliefs and that stronger ethical beliefs also led to greater compliance, indicating that the normative linkages between individual standards, social norms, and tax compliance are complex and bidirectional. Ameyaw et al. (2016) made a fascinating observation regarding how citizens' perceptions of government expenditures vary based on whether or not they believe their tax revenue is being used correctly.

4.6.3 The effect of taxpayers' attitudes on tax compliance decision

Taxpayers' attitude has a negative significant effect on tax compliance decision, which support the third hypothesis of the study, which this finding confirms (Tan and Liu, 2016). Olaoye et al. (2017), explained tax compliance as the willingness of an individual to act following both the spirit and the letter of tax law and administration without the application of enforcement activity. Worldwide, governments and tax authorities place a premium on citizens' ability to pay their fair share of tax. Although "tax rules are not always accurate," it is difficult to get people to comply with tax regulations (Musimenta, 2020). Tax revenue is not the only thing impeded by noncompliance; government programmes may also fail when citizens do not pay their fair share (Rosid et al., 2019). The law, the economy, the accounting profession, psychology, and public finance are just a few of the disciplines that may provide light on the complexity of tax compliance challenges (Pham et al., 2020).

Successful tax administration relies on a combination of incentives and penalties to increase taxpayers' willingness to pay their fair share of taxes. It is well acknowledged

in the literature on tax compliance that taxpayers' beliefs about the tax system's fairness play a substantial role in determining their level of compliance. If people believe the tax system is unjust, they may be more inclined to participate in tax evasion and other forms of noncompliance. Awareness of tax concerns and tax knowledge did impact the degree of tax compliance since taxpayers' perceptions were strongly associated with knowledge and experience.

4.6.4 The mediating role of taxpayers' attitudes on the relationship between taxpayers' perception and tax compliance decisions

The empirical results reveal that taxpayer's attitudes mediate the relationship between taxpayers' perception and tax compliance decisions among informal taxpayers in Accra Metropolis in Ghana, this confirms (Twum et al., 2020; Wahabu, 2017; Kiconco et al., 2019; Tilahun, 2019; Jimenez and Iyer, 2016). Reasonably, taxpayers, particularly those who pay large sums in taxes, would be cognizant of how their money is being used by the government. Although there is a lack of research to support these findings, it seems safe to conclude that taxpayers are more likely to engage in tax evasion if they believe their government is not making good use of the money it receives through legal means. Perception of government expenditure was shown to be substantially connected with tax compliance hypothetical questions, according to research by Sritharan and Salawati (2019) on the drivers of tax compliance in Malaysia's self-assessment system. However, there was no statistically significant relationship between direct queries on tax compliance and government expenditure. According to Chebusit et al. (2014), a favourable correlation was found between SMEs' attitudes toward and perceptions of government expenditure and tax compliance. In conclusion, taxpayers' attitude and outlooks may play a significant role in shaping their tax compliance actions, which

support this study's hypothesis. This means that government spending should be efficient (prudent) since various spending strategies achieve varying degrees of compliance.

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CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents a summary of the results and findings of the studies. Conclusions for the study were then reached, and suggestions were given. The link between taxpayer attitudes, perceptions, and their impact on tax compliance decisions is examined in the research's summary of findings. The summary of the study focuses on the overall overview of the study, which includes short explanations of the study's variables, a description of the research methods, an overall summary of the study, and as well a discussion of the findings.

5.1 Summary of the Study

The study sought to examine the impact of taxpayers' attitudes, perceptions, and influence on tax compliance decisions with the following specific objectives to assess taxpayers' perceptions and their impact on their attitude, to investigate the impact of taxpayers' perceptions on tax compliance decisions, to examine the effect of taxpayers' attitudes on tax compliance decision, and to evaluate the mediating role of taxpayers' attitudes on the relationship between taxpayers' perception and tax compliance decisions. A quantitative approach with an explanatory design was adopted, and the study targets informal sector taxpayers in the Accra metropolis of Ghana. Purposive sampling was used to administer the questionnaire to 180 respondents and 171 representing 95% of the questionnaire returned. A partial least square structural equation and descriptive analysis were used to achieve the study objectives. Using the methodology described, SPSS and SmartPLS were used to analyze 171 responses gathered from informal sector taxpayers.

The empirical results indicate that the perception of taxpayers has a negative and significant effect on their attitude, confirming the findings of earlier studies. The compliance expectations of taxpayers are highly influenced by their perceptions of their peers' compliance. Taxpayer attitude declines when widespread noncompliance is observed but rises when taxpayers are typically honest. Some research, for instance, revealed that greater compliance led to more ethical beliefs and that greater ethical convictions also led to greater compliance, indicating that the normative linkages between individual standards, social norms, and tax compliance are complicated and bidirectional. Researchers have made the intriguing discovery that citizens' opinions of government expenditure vary based on whether or not they believe their tax revenue is being spent correctly. Taxpayer loyalty will undoubtedly increase if individuals see that their money is being spent on critical government programmes such as public transportation, healthcare, and public safety. When citizens perceive their taxes are being spent carelessly and irresponsibly, they are more inclined to engage in tax evasion.

5.2 Conclusion

The impact of taxpayers' attitudes, perceptions, and their influence on tax compliance decisions among informal taxpayers in Accra Metropolis is still uncertain. This study used data from informal taxpayers from Accra Metropolis in Ghana to investigate the connection between taxpayers' attitudes, perceptions, and their influence on tax compliance decisions in Ghana. The empirical findings demonstrate that taxpayer's perception significantly influences taxpayer attitudes in a negative way. The second hypothesis of this study is supported once more by the positive significant effect of taxpayers' perception on tax compliance decision. The third hypothesis of the study is also supported by the fact that taxpayers' attitudes have a negative significant impact on

their decision to comply with tax laws. Finally, taxpayers' attitudes mediate the relationship between taxpayers' perception and tax compliance decisions among informal taxpayers in Accra Metropolis in Ghana. The study, therefore, concludes that the compliance expectations of taxpayers are highly influenced by their perceptions of their peers' compliance. Taxpayer attitude declines when widespread noncompliance is observed but rises when taxpayers are typically honest. Some research, for instance, revealed that greater compliance led to more ethical beliefs and that greater ethical convictions also led to greater compliance, indicating that the normative linkages between individual standards, social norms, and tax compliance are complicated and bidirectional.

5.3 Recommendation

Taxpayers' perception of how serious the tax system is to them and how compliant they are critical to the success of the tax system as a whole. These implications might be positive or bad. The GRA Office should provide continuous training and education to boost taxpayers' tax knowledge and awareness to eradicate or significantly decrease negative attitudes. It is at the discretion of tax authorities to explain to taxpayers why taxes are being collected, how tax rates are set, and how the money is being spent. The knowledge of these concepts not only increases the amount of tax payable but also promotes taxpayers to have a more positive attitude toward taxes. Additionally, GRA's tax administration requires improvement in efficiency. An effective tax administration will provide opportunities for staff members to expand their skill sets through things like formal education and training, technical support for computers and other administrative systems, and the allocation of additional funds.

5.4 Limitations and Future Studies

The research limits the topic to “Taxpayers attitude, perception and influence on tax compliance decisions”. The study investigates how taxpayers’ attitudes and perceptions affect tax compliance choices in the metropolis of Accra. One likely limitation relates to the use of the straight inquiry approach to information gathering. Based on the data provided by the respondents, conclusions and suggestions are made in this context. As a result, the researcher cannot be so sure of the information they will provide. Again, respondents could be reluctant and suspicious of the information being retrieved from them due to competition in the informal sector in Ghana. Another limitation faced by the researcher in conducting this research is the issue of time and limited resources. Finally, the conclusions and recommendations in this study are directly proportional to the data that were available to the author which is in line with answering the research questions. Despite these challenges, however, the researcher has given off the best to ensure that this research work is standard and meets the requirements of writing set by the university. Future researchers can broaden the scope of data collection to include more cases in Ghana by following the recommendations for future research based on the study’s findings. Future studies could also replicate the findings by elucidating the construct with a qualitative or mixed approach.

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