



Tax equity perceptions, compliance intention, and compliance behaviour among small and medium enterprises in Ghana

By

Mr SIMON AKUMBO EUGENE MBILLA

(221117540)

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Supervised by:

Prof. Mabutho Sibanda and Dr. Siphwe Mqadi

**School of Accounting, Economics, and Finance
College of Law and Management Studies, UKZN**

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Student: Mr. Simon Akumbo Eugene Mbilla

Signature: -



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Co-supervisor: Dr. Sphiwe Mqadi

Signature:

A black rectangular box redacting the signature of the co-supervisor.

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DEDICATION

This thesis and PhD degree are dedicated to my parents. My father, **Mbilla Alale**, whose words of encouragement, push for tenacity and inspiration to strive for better education ring in my ears. Special gratitude to my loving Mother, **Awumbam Mbilla**, who motivated me to unleash my most significant potential and always saw the best in whatever I aspired to become.

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ABSTRACT

This study aimed to examine the influence of tax equity perceptions (vertical, horizontal and exchange) on compliance behaviour among small and medium enterprises in Ghana. Also, the mediation and moderation role of compliance intention and tax knowledge on the relationship between tax equity and compliance behaviour was respectively examined in this study. In addition, the study looked at other motivators of tax compliance besides tax equity perceptions. A sequential explanatory mixed-methods approach was employed for this study. Data was collected through questionnaire surveys and complemented with focus group interviews from small and medium enterprises. A multi-stage sampling technique involving probability and non-probability sampling was implored for the study. Nine (9) focus groups, using quota sampling, were engaged for the qualitative sample and 391 small and medium enterprises for the quantitative sample. The study found a direct positive and statistically insignificant relationship between all three equity dimensions (vertical, horizontal and exchange) and compliance behaviour. However, the study found no mediation role of compliance intention but found a statistically significant moderation effect of tax knowledge on the relationship between tax equity and compliance behaviour. For the other motivators of tax compliance, the study found a positive and statistically significant relationship between economic, institutional and social motivators and compliance behaviour. However, the relationship between individual motivators and compliance behaviour was positive but statistically insignificant. The study objectives were analysed with smart partial least squares structural equation model version 3, while the focus group interviews/discussions were transcribed for the qualitative phase. This study is aligned with previous studies and offers theoretical insights into the tax equity and compliance framework. This scholarly work would aid policymakers, academic institutions and the understanding of small and medium enterprises and the general public. More specifically, government borrowings would be reduced, and tax revenue would be increased when an equitable and fair tax system is implemented. Tax authorities and future researchers should examine the role that media and opinion leaders play in promoting voluntary tax compliance behaviour.

Keywords: Tax Equity; Small and Medium Enterprises; Tax Compliance Behaviour; Tax Authorities; Government; Mixed Method Approach.

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LIST OF ABBREVIATIONS

CD	Customs Division
CEPS	Custom Excise and Preventive Service
COVID-19	Coronavirus disease of 2019
DTRD	Domestic Tax Revenue Division
FSD	Fiscal Strategy Document
GDP	Gross Domestic Product
GRA	Ghana Revenue Authority
GSS	Ghana Statistical Service
IBES	Integrated Business Establishment Survey
IRS	Internal Revenue Service
ITAPS	Integrated Tax Application and Preparation Systems
KZN	KwaZulu-Natal
MOF	Ministry of Finance
MSDI	Ministry of Special Development Initiatives
NFSL	National Fiscal Stabilization Levies (NFSL)
NHIL	National Health Insurance Levy
NRS	National Revenue Secretariat
OECD	Organisation for Economic Co-operation and Development
PLS-SEM	Partial Least Squares Structural Equation Modelling
RAGB	Revenue Agencies Governing Board (RAGB)

RGD	Registrar General's Department
SAICA	South African Institute of Chartered Accountants
SAIPA	South African Institute of Professional Accountants
SALGA	South African Local Government Association
SD	Standard Deviation
SDG	Sustainable Development Goals
SEC	Securities Exchange Commission
SMEs	Small and Medium Enterprises
SOX	Sarbanes–Oxley Act
SPSS	Statistical Package for the Social Sciences
TPB	Theory of Planned Behaviour
UK	United Kingdom
UN’S	United Nations
USA	United States of America
VAT	Value-Added Tax
VIT	Vehicle Income Tax
WCOP	World Customs Organisation Protocols
WHO	World Health Organisation?
WTOP	World Trade Organisation Protocols

CHAPTER ONE

OVERVIEW OF THE STUDY

1.1 INTRODUCTION

Taxes are believed to be an essential part of economic indicators that must be considered to maintain and boost a nation's economic growth and level of global competitiveness (Moore & Prichard, 2020). Countries can conserve money to pay for the needs of their social and physical infrastructure because tax revenue mobilisation gives them a secure and predictable fiscal environment (Saez & Zucman, 2019). One of the revenue streams in both developed and developing economies is tax revenue (Saez & Zucman, 2019). On the other hand, tax revenue deficits are now a major problem in the majority of developing countries worldwide (Jun & Yoon, 2018). Ghana is not exempt from this universal trend. The majority of tax administrators struggle to maintain a high level of tax compliance, especially among SMEs. Ghana's tax revenue is largely underperforming as compared to other countries across the globe. For instance, Ghana's tax revenue to GDP was 11.34% in 2020 as compared to Denmark and Namibia which have a tax revenue to GDP of 34.06 and 31.16 respectively (World Bank, 2020). It might be connected to attitudes about tax equality, compliance intentions, and compliance behaviour. The planned behaviour theory stressed the significance of sociological and psychological elements, including fairness and social norms. Therefore, it is crucial to have a better knowledge of how individual attitudes, behaviours, and conventions affect tax compliance (Taing & Chang, 2021). A tax is a mandatory charge that the government imposes on its constituents of which they (citizens) expect no direct benefits in return (Adams, 1960; Moore and Prichard, 2020; Saez and Zucman, 2019). However, there are perceived benefits that taxpayers obtain in comparison to their taxes, which are referred to as exchange equity (Magaretha et al., 2020, Efebera et al., 2004, Taing & Chang, 2021). In Ghana, taxes form the highest source of revenue (Fiscal Strategy Document of Ghana, 2020). For instance, the 2021 budget statement of Ghana reported that taxes accounted for over 40 per cent of total revenue accrued (Fiscal Strategy Document of Ghana, 2021). Due to the critical role of taxes in economic transformation, government policy recommendations and empirical research emphasise the responsibility of the government in ensuring revenue collection. The act of conforming to tax laws and regulations by paying taxes as they become due is known as tax compliance (Azemi, Palil, Amir, & Said, 2020; Atawodi & Ojeka, 2012). Tax avoidance, on the other hand, is the legal practice of taking advantage of gaps in the tax code to reduce one's

tax liability, while tax evasion is the wilful non-payment of tax as it is due (Atawodi et al., 2012). To ensure tax compliance, the taxpayer ought to perceive the tax system as equitable (Farrar et al., 2020). Tax equity (horizontal, vertical and exchange) and other intervening phenomena like tax knowledge, compliance intention and compliance behaviour have been discussed by Margaretha et al. (2020); Azemi et al. (2020); Abdul et al. (2020); Bayram et al., (2017); Thomas, (2012) Efebera et al., (2004) & Taing and Chang, (2021) as a strategic policy direction to boost tax revenue.

Policymakers and tax authorities use the equity in taxation as a guiding principle in drafting detailed income tax legislation (Farrar et al., 2020). Therefore, theorists must treat all those in the same or similar income brackets the same way (horizontal equity) but individuals in different income brackets are treated differently (vertical equity) when formulating tax policies. There are two categorisations of tax equity: horizontal and vertical equity. Vertical equity, which is sometimes referred to as progressive taxation, means that a taxpayer with a higher income should pay a higher percentage of tax compared to a person with a lower income, while horizontal equity requires that taxpayers with the same or similar income should pay an equivalent amount of tax. (Farrar et al., 2020; Efebera et al., 2004, quoted by Taing & Chang, 2021). From both the vertical and horizontal perspective, tax equity has a significant role in promoting tax compliance, especially among self-employed entrepreneurs (Farrar et al., 2020, Efebera et al., 2004, Taing & Chang, 2021). Venancio et al. (2020) and other scholars have opined that tax equity could be an incentive or disincentive to SMEs' tax compliance.

SMEs constitute a significant portion of businesses worldwide and are noted to play a crucial role in every nation's economic transformation and development. SMEs generate nearly 80% of all new jobs worldwide (Kengne, 2016). In both developed and emerging nations, small to medium-sized businesses are viewed as a major contributor to economic progress. These SMEs support not just the expansion of a country's GDP but also the decline in unemployment (Andika & Setyowati, 2019). In industrialised economies like the United Kingdom and Germany, small and medium-sized businesses account for a large portion of all registered businesses (Okwara, 2020). Although there is little information on the growth and development trends of SMEs in developing nations, approximately 92% of registered firms in Ghana are small and medium-sized businesses as per data from the registrar general's department (RGD, 2018). Therefore, this has made the sector a key component of any nation's development strategy, especially that of emerging nations. Governments all over the world are actively

working to grow the sector due to SMEs' crucial role in the development of every country. The COVID-19 pandemic has forced the Ghanaian government to invest about 600 million Ghana Cedis, the equivalent of \$100 million, as a stimulus package to revive this faltering industry. While reviving the industry is essential to governments everywhere, tax revenue authorities, particularly in a developing nation like Ghana, would be most interested in tax compliance behaviour.

According to the Ghana Revenue Authority (GRA), small enterprises are those with annual revenues of GHC90,000 or less. The use of turnover and workforce in defining businesses was necessary because this group of businesses (SMEs) contributes largely to the GDP and helps alleviate poverty by offering employment to many citizens.

This current study looks at SMEs in Ghana in terms of perceptions of tax equity, compliance intentions, and behaviour.

1.2 STATEMENT OF THE PROBLEM

Poor tax compliance is still a significant issue for policymakers in many tax jurisdictions in developing economies. The need to look at the largest form of business- SMEs, yet least considered in mobilising tax revenues, continues to remain a subject of discussion in the literature. Many SMEs lack tax knowledge about the tax system and tend to form a perception of fairness in the tax system which could affect their intention to comply or not. These activities limit governments' ability to raise tax revenue for developmental projects or build a country (Faizal, Palil, Maelah & Ramli, 2017; Gitaru, 2017).

Extant literature reveals that the weaknesses of the other theories, such as the theory of economic deterrence, social comparison, reasoned actions, and equity theory are overcome by the strength of the planned behaviour theory and, therefore, appropriate for this study (Talwar, & Ali, 2021). Prior research has shown that people and corporations have always been reluctant to pay taxes (Moses, 2019). This non-compliance continues to have a variety of causes. The severity of the issue has an impact on Ghana's ability to generate income. As a result, when the government is unable to raise the necessary funds for efficient operations, it may turn to tax increments by enacting new taxes or borrowing, which would drive out the private sector and lead to debt traps (Bezawit, 2021). The strategy of widening the tax net by increasing taxes for developing economies is largely affecting the ease of doing business rather than devising strategies of increasing the number of taxpayers.

Similarly, the Institute for Statistical Social and Economic Research (ISSER, 2019) reported that in Ghana, just 5.45%, 6.12%, and 6.08% of SMEs owners pay income taxes to the government in each of the tax years 2015, 2016, and 2017, respectively. Drawing from this, SMEs' level of compliance could be directly linked to their equity perception of the existing tax system in the economy, and their knowledge of the tax system which would affect their intention to be tax compliant. This is mostly because many SMEs are not paying their rightful income tax. Peprah et al. (2020) estimated that in Ghana, revenue loss due to tax non-compliance by individual taxpayers, particularly SMEs, ranges between \$93.20 billion and \$95.30 billion yearly. A statement by the Finance Minister of Ghana, Ken Ofori-Atta, as reported by Business Ghana (2018) indicated that only 1.5 million people honour their tax obligations as against the 6 million eligible taxpayers in Ghana. This gives a clear indication that most SME taxpayers are outside the tax bracket despite several novel taxation methods employed by the Ghana Revenue Authority (GRA).

Extant literature has investigated how ethnicity, political connections, mental accounting and different types of power and justice affect tax compliance (Khlif & Amara, 2019; Marcus, Nokuthula, Prisca & Eukael, 2021; Fatimah, Rashid, Ramli, & Palil, 2021; Prihatiningtyas, Sembada, Widagbo & Widarjo, 2021). It is necessary to assess taxpayers' willingness to abide by the laws currently in place and their level of tax literacy. Taxpayers' understanding of tax issues, which affects tax compliance, was not taken into account in a detailed study that looked at the many aspects of tax compliance in the Ghanaian context (Ohene, 2017). The use of personal tax reliefs was examined by Pobbi et al. (2018), and more recently, Peprah et al. (2020) investigated micro, small, and medium-sized businesses' compliance with income tax administration. Trawule et al. (2022) looked at the connections between tax education, committed tax compliance, and capitative tax compliance among SMEs. All these researchers failed to consider the importance of tax knowledge on taxpayers' ability to explore tax reliefs in the tax system.

Finally, studies on tax equity perceptions, compliance intention and compliance behaviour among SMEs remain unexplored. While this study is necessary to improve tax compliance among SMEs, the researcher also seeks to contribute globally to the UN's sustainable development goals (SDG goal 10), which aim to reduce inequalities. It is from this angle that the study problematises this research by assessing tax equity perceptions, compliance intention and compliance behaviour among SMEs in Ghana. The present uses the Theory of Planned

Behaviour, Social comparison theory and equity theory to investigate tax equity perceptions, compliance intentions and compliance behaviour among SMEs in Ghana.

1.3 OBJECTIVES OF THE STUDY

1.3.1 Research Objectives

The study seeks to achieve the following objectives:

1. To determine how tax equity perception affects tax compliance behaviour among SMEs in Ghana,
2. To evaluate how compliance intention mediates the relationship between tax equity perception and tax compliance behaviour among SMEs in Ghana, and
3. To determine how tax knowledge moderates the relationship between tax equity perception and tax compliance behaviour among SMEs in Ghana.
4. To determine other motivators/factors that can influence tax compliance behaviour among SMEs in Ghana.

1.4 RESEARCH QUESTIONS

1. How does vertical equity perception affect tax compliance behaviour among SMEs in Ghana?
2. How does horizontal equity perception affect tax compliance behaviour among SMEs in Ghana?
3. How does exchange equity perception affect tax compliance behaviour among SMEs in Ghana?
4. How does compliance intention mediate the relationship between tax equity perception and tax compliance behaviour among SMEs in Ghana?
5. How does tax knowledge moderate the relationship between tax equity perception and tax compliance behaviour among SMEs in Ghana?
6. What other motivators/factors can influence tax compliance behaviour among SMEs in Ghana?

1.5 SIGNIFICANCE AND CONTRIBUTIONS OF THE STUDY

The study's implications are examined in three (3) strands: practice, policy, and ongoing research. While reasons for non-compliance are known within the academic literature, tax

equity perception and compliance intention have received limited empirical attention (Crook, 2017, Margaretha et al., 2020, Azemi et al. 2020, Farrar et al., 2020). The lack of empirical literature to aid the understanding of tax compliance in the informal economy may have contributed to the inability of the government to generate the needed tax revenue from the sector (Crook, 2017). Crook's study contributes to the body of knowledge by examining how tax equity perception influences tax compliance among SMEs. The study also sought to provide extended knowledge regarding how compliance intention leads to actual behaviour by contributing to the limited knowledge of tax compliance in less developed countries and emerging literature. Similarly, the perception and influence of tax equity on SMEs in both advanced and less developed countries are understudied. Therefore, this current research will be helpful to SMEs in that, it will clarify the moral requirements for paying taxes and the benefits that result from compliance. It will provide guidelines on how tax authorities can leverage social perceptions such as tax equity and tax compliance behaviour.

Also, understanding the importance of tax equity by individuals is vital for the progress of every country. Since there is no definitive explanation for tax equity except generalisations of ideas, neoclassical, institutional and Keynesian schools of thought have clarified that tax equity can be measured by bringing culture, values and tradition to the forefront. It can therefore be implied that the method of measuring tax equity in every country and continent is different since the phenomenon is more of the social and economic behaviour of a group of people. Previous studies reveal that little has been done on tax equity perceptions, compliance intentions and compliance behaviour among SMEs in Ghana and therefore has created a gap to be filled. If this problem is addressed, government borrowings will be reduced, and infrastructure provision will be improved as argued by Crook (2017). This study will offer recommendations to the government on actions or policies to take to advance tax equity and voluntary tax compliance among SMEs. It provides decision-making support for the government to formulate policies on tax inclusion of SMEs in Ghana and also enables the government to identify another dimension that taxpayers use to evade taxes.

This thesis differs significantly from previous studies in diverse ways. First, some previous studies such as Mahangila (2017), Elen and Wehyo (2014), Elisa, Tjondro, Kezia and Nathasa (2019) conducted their research using a Quasi-Experimental study design with a very small sample size to investigate the link between tax equity perceptions and compliance behaviour

and the mediating and moderating effect of both compliance intentions and taxpayers' knowledge respectively on compliance behaviour and tax equity perceptions.

Again, the majority of these studies used only the purposive sampling technique in selecting their sample size which has been widely criticised, since it does not give participants an equal chance to be selected. This current study uses the survey method supplemented with focus group discussions/interviews as a study design with a large sample size of 395 SMEs using a multi-stage sampling involving both probability and non-probability sampling techniques as recommended as appropriate by Singh and Masuku (2014). Moreover, most of the previous studies presented unclear and mix results, and this could be best explained by the methodologies they adopted. Second, this thesis will extend previous studies by exploring other components of the tax compliance framework like tax equity perceptions, taxpayers' tax knowledge, tax compliance intentions and tax compliance behaviour among SMEs in developing a comprehensive tax policy framework from a developing country's perspective.

1.6 DELIMITATION OF THE STUDY

The study focuses specifically on the relationship between tax equity perception, compliance intention, and compliance behavior among SMEs in Ghana. The research objectives and questions were developed focusing on investigating the impact of different dimensions of tax equity perception on tax compliance behavior, as well as the mediating and moderating roles of compliance intention and tax knowledge, respectively. However, it is worth noting that the study is limited to SMEs in Ghana and may not be generalisable to other countries or types of businesses. Additionally, the study does not consider the perspectives of tax authorities or policymakers, which could be important in understanding the broader context of tax compliance behavior. Overall, the delimitation of the study appears appropriate and relevant to the research topic.

1.7 STRUCTURE OF THE THESIS

There are seven chapters in this thesis. The background information and statement of the problem are covered in Chapter 1; the theoretical and empirical reviews are covered in Chapters 2 and 3, respectively; the methodology is covered in Chapter 4; and the questionnaire survey and interview results are presented in Chapters 5 and 6, respectively. Chapter 7 concludes by outlining the conclusions and implications of the findings.

A breakdown of the contents of the chapters is presented below.

Chapter One: A compelling argument is presented for the research topic in this chapter, with a focus on the importance of the study. The research aims and objectives are also provided, which help to reveal the underpinning logic and clarify the link between what will be examined and how the study will be done. Finally, the research questions for investigation are posed. They briefly explain the study's broad implications based on the proposed hypotheses.

Chapter Two: This chapter thoroughly reviews the theories and ideas that underpin the research and summarises the findings of prior studies that are most relevant to the issue at hand. The study's theoretical foundation and numerous tax compliance models underlie particular theoretical research material, allowing for a complete discussion of the issue.

Chapter Three: this section provides an empirical literature review on the objectives of the study, a narrative that depicts the logical links among essential aspects (i.e., Tax equity perceptions, compliance intention and behaviour) of the theory, constructions, and the phenomena of interest. Tax equity perceptions and compliance behaviour are examined in this chapter.

Chapter Four: The study's design and methods are examined in this chapter. The research design is given in more detail for readers to understand how the study will be carried out.

This chapter illustrates the administration of the questionnaire instrument and interview guides for focus group discussion, which form the two stages of data collection.

Chapter Five: The results from the quantitative method are analysed, presented, and discussed in this chapter. (i.e., questionnaire survey). The data from the questionnaire survey is analysed and interpreted descriptively.

Chapter Six: The focus group interview results (i.e., Focus group discussions) are presented in this chapter to supplement the questionnaire survey. Interviews included open-ended and closed-ended questions, why and how questions and explanations. The interview survey results are triangulated with the survey results, and the findings are analysed with grounded theory.

Chapter Seven: Finally, the thesis is summarised in this chapter and with essential policy directions of the research. The chapter also acknowledges certain study limitations and provides suggestions for further research.

1.7 CONCLUSION

The chapter problematises the research in the area of tax equity perceptions, compliance intention and compliance behaviour. The road map of how the thesis was conceptualised was shown and discussed.

The next chapter discusses the theories underpinning the study and contextual concepts that are relevant to the study.

CHAPTER TWO

THEORETICAL LITERATURE REVIEW AND CONTEXTUAL ISSUES

2.1 INTRODUCTION

The researcher reviewed theories and evaluated current hypotheses to explain events, find connections, and forecast outcomes based on data, observations, and ideas already available. The theoretical framework outlines investigate and evaluate theories relevant to the research subject. It describes the fundamental ideas, models, presumptions, and established beliefs that the work is built on. The researcher now investigates the theories, concepts, and models that are relevant to this study context.

2.2 THEORETICAL FRAMEWORK FOR TAX EQUITY PERCEPTIONS AND TAX COMPLIANCE

The social comparison theory, equity theory, economic theory of tax reporting, economic deterrence and the planned behaviour theory are among the numerous theories revealed in the tax compliance literature and deemed appropriate for this current study (Bani-Khalid, Alshira'h & Alshirah, 2022 & Schmiel, 2022). These theories concentrate on the causes and effects of different factors like tax equity perceptions, compliance intention, and tax compliance. As a result, rather than theorising tax equity perceptions and tax compliance based on a single theory, it is proposed that a mix of multiple theories is an alternative way to explain the effective and outstanding tax equity and compliance framework.

2.2.1 Social Comparison Theory and Equity Theory

Limited theories govern the issue of tax equity compared to tax in general (Bejaković, 2020). This work focusses on both social comparison theory and equity theory. According to Adams (1960) and Hassan, Naeem and Gulzar (2021), equity theory focusses on determining whether resource allocation is fair to taxpayers and the government. These studies debated whether SMEs believe that the taxes paid and the benefits provided by the government are equitable or fair. SMEs believe that there is a lack of equity and reciprocity between the social goods and services that the government provides and statutory requirements like tax payment (Abdul & McFie, 2020; Bayram et al., 2017). The social comparison theory encompasses many definitions of how people compare their tax situations and predicament to others while attempting to ascertain the extent of satisfaction with their standard of living (Cansunar, 2021).

Social comparison poses a significant factor that affects the perception and knowledge of people, as the feeling of inequity can stem from the difference between the economic position of a group and that of an individual (Kluegel & Smith, 2017). Also, the social situation of people triggered their movement towards deliberate decision-making in the event of filing and paying taxes from their habitual actions (Wu and van Rooij, 2021). Tyler (2021), on the other hand, examines why people obey the law, while He and Feng (2021) identified equity theory as a kind of social comparison theory which makes it clear that the probability for people to adhere to rules and regulations in a society is high if only the system is perceived to be fair. Consequently, the equity theory states that, in an inequitable tax system, taxpayers may attempt to avoid paying their taxes to restore balance in the tax system (Saba, 2021).

Naturally, people are discouraged from venturing into entrepreneurship and self-employment in countries where the tax system is not designed to favour the individual. There is an assessment of whether they would incur tax loss or gain. When the cost of the business venture is insignificant after taxes have been paid, the probability that the individual would remain unemployed or return to previous habits is high. An unfavourable tax system is Ghana's main cause of tax cheating (Owusu, Bekoe, Anokye & Anyetei, 2020). There have been several cases where big private companies with more than 1000 employees have been caught forfeiting tax payments because the taxes to be paid are huge (Abu Bakar, Palil, & Maelah, 2021). Some public companies have suffered such a fate and have been closed until the required tax amount is paid. Therefore, it can be implied that failure to ensure tax equity or, better still, make the tax system favourable condones tax evasion.

According to Stanlans et al. (1991) and Gontusan and Geetha (2021), people use comparison as a criterion to select their source of information. It is confirmed in the literature that mass media has no significant influence on behaviour suitability because mass media has no significant influence on behaviour suitability. After all, individuals identified are considered different from others (Markowitz, Kouchaki, Hancock, & Gino, (2021)). Socio-psychological factors have been identified to affect the perception and intention of individuals to take action concerning paying taxes, and this is certainly not alien to Ghana (Mart & Cosofret, (2021)). These factors include material consequences, opinions, social and legal attitudes, and normative expectations (Mart & Cosofret, (2021)). Another kind of tax theory called the economic theory of tax reporting is also explained briefly since the equity theory and the social comparison theory of tax reporting cannot address economic issues.

2.2.2 Economic Theory of Tax Reporting/Economic Deterrence Theory

The economic-based theory was first developed from Becker's (1968) research in the late 1960s. The study used economic context to analyse criminal behaviour. According to Becker (1968), society cannot regulate deterrents including the potential for detection, fines, and penalties. This theory, which is also known as the principle of economic dissuasion, emphasises incentives. The hypothesis implies that taxpayers are amoral profit maximisers who are motivated by economic considerations such as earnings maximisation. From Becker's (1968) theory, Allingham and Sandmo (1972) built a model using several principles, which included taxpayers as utility maximisers with practical knowledge of penalties and levels of detection. They believed that people acted culturally and fairly. A cost-benefit analysis leads, in their opinion, to enforcement or non-compliance. Thus, individuals are compliant if the cost of evasion exceeds its benefits. Srinivasan (1973) argues that the degree of evasion would also rise as income increased if the risk of detection were independent of income. Again, Srinivasan (1973) recognises that the aim of the taxation system was not merely to increase the level of tax revenue but to look at economic factors that influence taxpayers to pay or not to pay their taxes (Alkhatib, Abdul-Jabbar, Abuamria & Rahhal 2019). Taxpayers exercise strategic decision-making, that is, they carefully consider their incentive and take appropriate action to maximise their projected satisfaction if an audit relating to the income they choose to disclose occurs (Atawodi & Ojeka, 2018). Based on the economic deterrence model, taxpayers are dishonest and would always try to increase their projected benefits by "playing the audit lottery." They are influenced by financial advantages like increasing their gains, and they investigate the possibility of being discovered. As a result, they consider various compliance options (including whether or not to avoid taxes), the chance of being discovered, and the outcomes. After compensating for risk, they choose the alternative course that maximises their anticipated after-tax earnings (Peprah et al., 2020). Although the impact was essentially non-existent, Alshira'h and Abdul-Jabbar (2020) support the argument that fines have an impact on tax compliance. Other research, however, contends that tougher penalties may encourage greater tax evasion, which would be unfavourable (Peprah et al., 2020). Also, more taxpayers will be willing to evade taxes because of the low likelihood of identification and reduced penalties.

Nevertheless, this did not contribute to a model that explains and effectively predicts tax actions (Batrancea, Nichita, Olsen, Kogler, Kirchler Hoelzl & Zukauskas 2019). Recent research on

tax implementation has significantly emphasised socio- and psychological factors. The economic theory of tax reporting is a conventional economic strategy that aims to make internal auditors work easily by modelling the tax reporting system (Skinner and Slemrod, 1985; Scheuer & Slemrod, 2020).

Further work, however, needs to be done on the issue of tax equity and possibly, tax reporting in Ghana. Among these theories, the social theory is considered the backbone and most influential theory in tax equity since tax equity is a social and psychological phenomenon. Because the social comparison theory and the economic theory of tax reporting alone cannot address all the issues raised in this study, the planned behaviour theory was introduced to address their shortfalls, as revealed in the tax compliance literature.

2.2.3 The Planned Behaviour Theory (TPB)

The planned behaviour theory explains that attitude influences a person's behaviour. The theory argued that, whether or not SMEs will pay their taxes is affected by the projected benefit they are expected to receive from doing so (equity perception). The planned behaviour theory proposes that a person's behaviour is affected by several variables, arises for a specific reason, and is planned and coordinated (Akar & Dalgic, 2018). Based on the intended outcome, a person would engage in a particular behaviour (Sharif & Naghavi, 2021). Three equity perception measures: vertical, horizontal, and exchange behaviour will each be individually examined for tax compliance. Adjen (1991) developed the theory of planned behaviour. It is the modified form of the reasoned action theory suggested by Adjen and Fishbein (1991) to explain why people behave in a certain way. The planned behaviour theory explains that people's behaviours are influenced by various factors, based on certain reasons (Karaman & Girgin 2021). The theory supports this current work with its assertion that various factors influence behaviour. This study shows that equity perception cannot influence tax compliance in isolation. Thus, this study argues that equity perception and tax knowledge would form better tax compliance behaviour. Since Erten (2002) and Karaman and Girgin (2021) stated that behaviour emerges as planned, the study can argue that equity perception emerges from compliance intention before it leads to compliance behaviour. Extant literature reveals that the weaknesses of the other theories, such as the theory of economic deterrence, social comparison, reasoned actions, and equity theory are overcome by the strength of the planned behaviour theory and, therefore, appropriate for this study. SMEs believe that there is a lack of equity and reciprocity between the social goods and services the government provides and the statutory

requirements like tax payment (Thomas, 2012; Bayram et al., 2017; Abdul & McFie, 2020). The next sections discuss the contextual issues, definitions and concepts that are relevant to this study.

2.3 CONTEXTUAL ISSUES AND CONCEPTS

2.3.1 Concept of Tax Equity

Policymakers and tax authorities use the equity in taxation as a guiding principle in drafting detailed income tax legislation (Farrar et al., 2020). Theorists must treat equals the same way (horizontal equity) or treat individuals who are not similar under the tax law differently (vertical equity) when formulating tax policy (Tjondro, Santosa & Prayitno 2019). Vertical equity refers to the perceived tax burden of lower-income taxpayers in comparison to higher-income taxpayers, whereas exchange equity refers to the perceived benefits people are said to gain from their tax payments. The perceived tax burden of one taxpayer on other taxpayers with comparable economic means is often referred to as horizontal equity (Magaretha et al., 2020; Efebera et al., 2015; Tjondro, Santosa & Prayitno 2019). Vertical equity is also known as progressive taxation, meaning that a taxpayer who earns more will pay more tax in percentage terms than a taxpayer who earns less income (Farrar et al., 2020; Efebera et al., 2015 Tjondro et al., 2019). From a vertical and horizontal perspective, tax equity has a significant role in promoting tax compliance, especially among self-employed entrepreneurs (Farrar et al., 2020; Efebera et al., 2015; Tjondro et al., 2019). Venancio et al. (2020) and other scholars have opined that tax equity could be an incentive or disincentive to SME tax compliance.

The theoretical and conceptual understanding is that taxation is an informal contract between the central government and the taxpayer. The strength of the agreement between the government and the taxpayer depends on how the taxpayer views the government (Damayanti & Supramono, 2019). Taxpayers are more likely to follow the law if they think that the government is performing its job efficiently, fairly, and reasonably, which can raise the compliance rate (Olsen, Kasper, Enachescu, Benk, Budak & Kirchler 2018). Also, the history of taxation in Ghana and the conceptual interpretation and definitions of tax compliance will be the next issues for discussion.

2.3.2 History of the Ghanaian Tax System

Like customs duty, taxation began in 1850 (Attobrah, 2020). It was charged at a 0.5 per cent ad valorem on produced goods at the Castle in Cape Coast (Attobrah, 2020, Asante & Marfo-Yiadom, 2010). In 1952, the Poll Tax system was established in the Gold Coast (Abdallah & Ashraf, 2018). During World War II, the British Colonial Government imposed an income tax on Gold Coast for the first time in 1943 (Abdallah & Ashraf, 2018). Taxes were charged on income obtained from overseas sources at the time, with money from international sources not taxable in Ghana unless it was transferred to Ghana (Attobrah, 2020). The ordinance was differentiated by the burden and relief it provided. The Income Tax Law has undergone several restructurings and changes over the years through revisions and modifications like the Income Tax Ordinance (amendment) 1952. The Income Tax Ordinance's initial consolidated version was released in March 1953 (Abdallah & Ashraf, 2018). The first consolidated version underwent several revisions before the 1966 Income Tax Decree (No. 78); the second consolidated version, was published in September 1966 (Abdallah & Ashraf, 2018). The Income Tax Decree 1975 SMCD5, which is the third consolidated version, was made available to the public in December 1975. Ghana's latest tax administration legislation, the Act 2000 on Internal Revenue (Act 592), is the fourth consolidated edition. It also has undergone many updates and improvements. Ghana's tax administration is currently operating under the income tax Act 2015 (Act 896) to administrate taxes in the country. Next, the researcher proceeded to discuss the operational definitions of taxation and the objectives of taxation.

2.3.3 Concept of taxation

Taxation is a fundamental authority of a government to charge and demand payment for public objectives (Reaños, & Lynch, 2022). It is the primary method used by governments to redistribute the nation's resources to foster social harmony among citizens (Agbetunde, Anyahara & Olowookere, 2020). A tax, in the opinion of James and Nobes (1997), is a mandatory payment by citizens of a country to its government for which they do not immediately benefit. To earn money to pay for its expenses over the course of a fiscal year, a government must impose mandatory charges on the citizens of a country. Consequently, a tax system's structure can be progressive, proportional, or regressive, and tax types might be direct or indirect (Mintah, 2019). Every nation's economic progress is aided by funding social and infrastructure initiatives with taxes. Taxes also aid in resource allocation, income sharing, and correction of negative externalities, such as protecting indigenous industries through import

restrictions. Tax revenues support major economic growth and development components of public services and infrastructure.

On the other hand, many emerging countries cannot produce the necessary tax income for national growth (Olatunji & Ayodele (2020); Banaszewska, 2021). Driving a car with little or no oil is analogous to moving to a country with limited financial resources. As a result, taxes are a necessary evil (Ankrah, 2014,). The researcher proceeds to discuss the various reforms to the Ghanaian tax system.

2.3.4 Ghanaian tax reforms

To increase the capability of collecting taxes, enhance tax collection, and eliminate the burdens that tax laws place on taxpayers, Ghana is reforming its tax system (Avorkpo, 2021). Even though these changes are required to keep up with economic developments, Osoro and Luvanda (2019) point out that before 1984, the restoration of the revenue base because of tax reforms witnessed a steady drop. The reforms, on the other hand, might be viewed as boosting the production incentive and improving tax collection efficiency and equality. Around 1985, the focus of the changes shifted to efficiency and equality. The Internal Revenue Service (IRS), the Customs Excise and Preventive Service (CEPS), and the National Revenue Secretariat (NRS) were all given autonomy in their respective roles at the time. In 1989, the World Bank proposed using computers in tax administration and management, and a system for taxpayer identification numbers was established (PKF International Limited, 2012).

The CIT rate also decreased between 1989 and the early 2000s, from 55% in 1989 to 35% in 1993 and 25% in 2006. Similarly, a new tax law was introduced in 2001 to handle direct taxes when the Internal Revenue Act of 2000 (Act 592) was passed (PKF International Limited, 2012). After the amendment, the only prominent national levies in the nation were the five (5) National Fiscal Stabilisation Levies of the NHIL, a 2.5 per cent tax on particular goods and services (NFSL). People in Ghana are subject to sales and service taxes, income taxes, customs and excise duties, all of which are handled by the Customs Division of the GRA, in addition to the VAT collected on products and services. The Revenue Agencies Governing Board (RAGB), CEPS, and the Value Added Tax Division were all covered under the GRA Act 2009. (Act 791). The authority's goal was to ensure maximum tax compliance so that the government could generate sufficient revenue. The authority was also in charge of promoting trade and ensuring the secure transfer of goods across the nation's borders. It implied that the GRA would

have to implement measures to boost revenue and ensure that the country adhered to international accords governing its relationships with other tax jurisdictions and agencies (Avorkpo, 2021). Several examples of tax jurisdictions include double taxation, the World Trade Organisation Protocols (WTOP), the World Customs Organisation Protocols (WCOP), and the Exchange of Information Agreements (EIA) (Nyamadi, 2014 Avorkpo, 2021). The Integrated Tax Application and Preparation Systems (ITAPS) and the ETSA were also implemented in 2018 due to the GRA's role as specified in the Act. The goal was to make it easier and less expensive for SMEs to meet their tax responsibilities, thus increasing compliance and reducing inefficiencies in revenue collection.

2.3.5 Objectives of Taxation

Several justifications have been made for the imposition of tax on citizens. The main purpose of taxes is to increase revenue from individuals and economically engaged citizens to finance government spending. Although the advantages of taxes are not often felt immediately by the individual taxpayer, the taxpayer is required by law to contribute proportionately from the money they regularly generate to the state's funding. Payment of taxes aims to make it easier for SMEs to participate in the tax system. Until then, SMEs were mostly tax exempted (Mintah, 2019). To generate the necessary amount of money for the government to carry out development initiatives to improve the lives of the populace, taxing SMEs is one of the main goals. Without the necessary tax income, the government will be unable to build anything significant enough concerning development, including buildings for housing, water, sewage, power, and roads. Every country's livewire has been identified as taxation, without which the wheels of progress will grind to a halt.

As a result, governments must make an effort to tax everyone, including SMEs, who must be taxed according to the correct procedures to reduce tax non-compliance among taxpayers (Mbilla et al. 2018). To put it another way, if proper steps are not taken to tax SMEs in the informal sector, a government loses a significant amount of income. Additionally, taxing SMEs increases the state's tax revenue and safeguards the sustainability of the tax-collecting system. It would be impossible for anyone to use self-employment as a cover to avoid paying taxes, ensuring equity and fairness once the tax net is expanded to include all taxpayers in an economy. Like all citizens, SMEs gain from government services funded by taxes. Therefore, excluding them from the tax net would be incredibly unfair. To be more specific, the income tax net is too narrow in Ghana.

Agyei-Mensah (2021) avers that just 20% of the working population earns a wage and is easily identifiable and taxed by the government. The rest of the workforce comprises self-employed SMEs, primarily in commerce, artisanal work, and agriculture. Most of the time, it has been challenging, if not impossible, to locate these individuals, much less determine their source of income for taxation. The absence of discretionary income reporting among self-employed people contributes to the difficulty in identifying self-employed taxpayers or SMEs. Employers must notify the appropriate taxing authorities of their employees' earnings. On the other hand, SMEs' income is not mandated by law to be reported to external parties. Because of this, there is a possibility that the tax system will burden wage or salaried earners while excluding the SMEs, who make up the majority of the working class (Mbilla et al. 2018). Having discussed the context of taxation, the next section presents some tax compliance definitions and modes of measurement.

2.3.6 The Concept and Definition of Tax Compliance

Tax compliance has several different definitions and measurements as revealed in the extant academic literature. Generally, tax compliance refers to how closely taxpayers (commercial organisations) abide by a jurisdiction's tax laws. There are three distinct categories of tax compliance (Payment compliance, filing compliance, and reporting compliance) as identified by Okpeyo, Musah, and Gakpetor (2019), and these forms are a good way to characterise tax compliance. The Ghana Revenue Authority defines tax compliance as the capacity and willingness of a taxpayer to comply with all applicable tax laws, provide an accurate annual income statement, and pay the required taxes on schedule. Tax compliance relates to the taxpayer's ability and desire to adhere to tax laws, file returns, and pay all taxes on schedule (GRA, 2012). As a result, three factors are used to assess compliance: payment, filing, and reporting. The three metrics provide distinct perspectives on the compliance problem, and when placed on top of one another, they provide a full view of total compliance. Also, Larissa Batrancea et al. (2019) define tax compliance as the desire of citizens to pay their outstanding tax obligations. Again, Muslichad and Graha (2018) assert that firms' responsiveness to tax compliance also involves their willingness to be registered for tax purposes and their prompt notification of the tax authorities of their position as taxpayers. Companies must also make timely payments and file their tax returns yearly as necessary. Tax compliance generally refers to taxpayers' willingness to satisfy all tax obligations imposed on them by the state without coercion. Sakirin, Darwanis, and Abdullah (2021) outlined several prerequisites that businesses must fulfil to properly abide by a state's tax laws. They claimed that for taxpayers to fulfil their

tax obligations, they must be honest to some extent, have a thorough understanding of the country's tax laws, and be able to use that knowledge to timely, accurately, and fully comply with the state's tax obligations. The degree of tax compliance of the taxpayer rises as a result of their cooperative cooperation with tax officials. It is difficult to persuade taxpayers to engage in voluntary tax compliance behaviours.

According to Wang & Yu (2021), maintaining tax compliance administratively comprises registering with or alerting tax authorities of one's status as a taxpayer, completing an annual tax return (if necessary), and meeting the dates for mandatory payments. Tax compliance is understood to mean that all income must be reported, and all taxes must be paid following tax laws, regulations, and court rulings (Güzel, Zer & Zcan, 2019). Kurniawan (2020) defines tax compliance as the determination of the taxpayer to complete income tax forms, accurately disclose all sources of income subject to tax, and pay all owed taxes within the allotted time frame without needing to await follow-up actions from the tax authorities. SMEs must fill out income tax forms completed and on time, and the forms must show the right taxes owed following court orders, tax legislation, and regulatory criteria (Röth & Schwander, 2021). As stated in the 2015 Ghanaian Income Tax Act (Act 896), complying with tax is the ability and desire to adhere to the tax laws of the state, disclose the right amount of income each year, and settle the required taxes owed promptly.

The fundamentals of tax compliance comprise registering, notifying tax officials of one's regularity, making an annual filing of tax return and meeting the relevant payment dates (Wang & Yu, 2021). The primary goal of a structured and operative tax management system commands the encouragement of voluntary tax compliance and enforcement of sanctions like fines in extreme circumstances (Mbilla et al., 2018). By their very nature, SMEs are unlikely to adhere to the basic tax compliance tenets outlined in the tax literature. However, for this study, which includes SMEs that rarely file tax returns, tax compliance refers to taxpayers' readiness to fulfil their tax duties voluntarily (Mintah, 2019). Many tax authorities face significant challenges in enforcing tax laws, and persuading people to comply is difficult due to the complexities of tax law (Olsen et al., 2018). Hence, to increase tax compliance taxpayers should be motivated and tax policies and techniques should be enhanced (Andika & Setyowati, 2019). Even though salaries, earnings, and other types of income are generally taxed, some specific items are usually exempt from taxation; typically, this is done by the taxing authority to improve a particular behaviour (Payne & Raiborn, 2018).

However, a nation's capacity to adhere to tax regulations determines its capacity to function successfully. Similarly, to this, SMEs contribute significantly to the economic growth of a country by paying their taxes. One cannot overestimate the significance of SMEs to Ghana's GDP. According to James & Alley (2017), one of the most important aspects in establishing what constitutes tax compliance is the extent to which taxpayers follow local tax regulations. There are three ways to comply with tax laws. These consist of payment compliance and reporting compliance and filing compliance. A taxpayer's responsiveness concerning tax compliance, according to Hamid et al. (2022), comprises their readiness to register for taxes and their promptness in submitting accurate information about their business to the tax authorities. Additionally, people are obligated to pay any unpaid taxes and file their tax forms on schedule each year. Lestary, Sueb, & Yudianto (2021) discovered that SMEs admitted to having low competence and independence in tax problems, which corresponded to their engagement of tax agents for aggressive tax planning.

Lestary, Sueb, & Yudianto (2021) also point out that a lack of understanding of tax law contributes to low tax compliance. According to this assumption, tax non-compliance happens when taxpayers do not complete all of their tax obligations. According to Eneh et al. (2022), taxpayers must instantly, completely, and honestly fulfil their tax obligations. They must also be aware of international tax regulations and compliant with local tax rules. Taxpayers intentionally or unintentionally break the law (Eneh et al., 2022). These taxpayer organisations either protest or fight taxes. While tax resisters deliberately do not pay their taxes, tax protesters attempt to avoid paying taxes by applying alternative interpretations of the tax laws. Tax compliance is a major issue in the Ghanaian economy because many SMEs operate in the unregulated sector. This study is necessary to comprehend the dynamics of tax compliance as it relates to SMEs. Tax enforcement is a significant challenge for many tax authorities, and compelling taxpayers to comply is difficult, since tax law is not always straightforward (Olsen et al., 2018).

Discussions on the perception of SMEs on tax compliance are expressed in the next section.

2.3.7 Perceptions of SMEs on Tax Compliance

In general, taxpayers know their tax obligations based on their spending. Our beliefs, needs, interests, prior experiences, and other variables influence our perceptions. Because the relationship between the government and the taxpayer is complex, taxpayers must understand

their legal obligation to pay taxes to the government (Angeles, 2022). Feld et al. (2002) postulate that the contractual agreement that mediates the taxpayer and the tax management requires that the two parties cooperate impenetrably to arrive at an agreeable solution. The strength of the agreement between the government and the taxpayer depends on how the taxpayer feels about the government (Damayanti & Supramono, 2019). Taxpayers are more inclined to abide by the law if they feel that the government is doing a good, fair, and reasonable job of addressing their needs. This can increase the compliance rate (Angeles, 2022). The Fiscal Psychology Theory, for example, emphasises the relevance of taxpayer perceptions of government. If taxpayers do not believe that paying their taxes will benefit them, their propensity to do so is probably low. Therefore, if the state spends the funds it receives from taxpayers well, the taxpayers will pay their taxes without seeing evasion as compensation. However, if the government is perceived as corrupt and misusing tax money, taxpayers will not pay their taxes, since they believe it will not be used for their benefit (Damayanti, Nastiti & Supramono, 2020). Another theory for explaining tax compliance is the psychological theory of tax, which combines financial and mental methods (Damayanti et al., 2020). This strategy emphasises the importance of accommodating government arrangements made to improve collaboration between the taxpayer and the government (Agbetunde et al., 2020). Lewis (1982) also stated that the taxpayers' unique point of view is an essential component of this cooperation. This proves that, in comparison to the assessment framework, the taxpayer's confidence in the government has a higher influence on tax compliance than the assessment itself. Furthermore, according to Muehlbacher and Kirchler (2010), the Slippery Slope model emphasises that the taxpayer's image of government plays a major role in determining compliance. The link between taxpayers and the tax authorities significantly enhances the spirit of the taxpayer (Feld & Frey, 2019). Individual taxpayers' attitudes are essential to their desire to cooperate with tax legislation (Agbetunde et al., 2020). Individuals desire to adhere to tax responsibilities is highly a function of their degree of faith in the government, according to Nichita, Batrancea, Marcel, Batrancea, Morar, Masca & Silva (2019) and Chong & Arunachalam (2018). Equity and fairness remain other elements that influence a taxpayer's perception. Equity is one of the principles of a just tax system (Smith, 1776). It is viewed from two perspectives: vertical and horizontal. The fundamental tenet of vertical equity is that those who are better equipped to pay taxes should make more contributions than those who are unable (Wenzel, 2007), while horizontal equity believes that tax rates should be the same for people in similar income or wealth brackets. Resource exchange is viewed as a kind of distributive

justice (that is, benefit and cost), and concerns regarding justice among taxpayers (Enachescu, Olsen, Kogler, Zeelenberg, Breugelmans & Kirchler, 2019). If taxpayers believe their tax burden is larger than others in their income group, their tax compliance will likely suffer. Similarly, if they perceive that their tax burden is greater than that of others, tax evasion may become more prevalent among members of a certain group (Kaghazloo & Borrego, 2021). The process of resource allocation is seen as procedural fairness. The objectivity of the processes utilised, and the legitimacy of the government are all important aspects of the justice system (Niesiobędzka & Kołodziej, 2019). SME taxpayers expect the GRA to provide them with enough information on tax issues to enable them to file their tax returns properly. As a result, it is suggested that more knowledge regarding tax laws and regulations might improve perceptions of fairness and compliance (Niesiobędzka & Kołodziej, 2019).

Finally, retributive justice is defined as the application of appropriate punishments when norms are broken. Taxpayers are stressed and unhappy due to retributive justice, excessive and invasive audits, and unfair fines (Kaghazloo & Borrego, 2021). Negative impressions of retributive justice may discourage compliant behaviour, which would therefore increase tax evasion and expand the tax gap. In their research of the Ghanaian tax system, Malik and Younus (2019) found that the taxpayers' views about the government had the greatest effect on their intention to follow the tax regulations. As a result, the extent to which taxpayers believe the tax system is fair impacts their willingness to pay, in contrast to instances where taxpayers consider the tax system to be unfair. Vehovar, Mumel and Hauptman (2018) found that tax compliance is likely to be high in a circumstance where taxpayers view the tax system as fair. Yahya, Shaharuddin and Bakar (2021) pointed out that taxpayers' dissatisfaction with the injustice of the tax system is connected to their attitude toward compliance. The majority of SME owners in Ghana are reluctant to pay the taxes levied by the government. Taxpayers pay a variety of taxes, although Ghana's economy has recently been in decline. Since the government is unable to connect tax payments to the socioeconomic development of the nation, SMEs in Ghana have little incentive to pay taxes. Ghanaian SMEs may see tax requirements favourably if the government behaves reliably. If the government effectively uses tax revenue, there may be high levels of trust and tax morale (Opoku-Younge, 2019).

2.3.8 Small and Medium-Scale Enterprises (SMEs)

In Ghana, businesses are categorised into micro, small, medium, and big businesses (Oppong, Owiredi, & Churchill, 2014). Agyapong (2010) and Dadzie, Agyapong and Suglo (2020)

acknowledge that there is no universally accepted definition of SMEs. SMEs are defined differently based on the company's economic activities in their operations. However, most of these classifications are based on local activities and, more significantly, the scale of the business in terms of turnover and staff count. It is also worth noting that some of these criteria are exclusive to a nation or a particular industry.

Additionally, many academics have provided definitions of SMEs to help put their findings into context. The European Commission (2007) takes into account the number of workers when classifying businesses. Businesses with 0 to 9 employees are referred to as micro-companies, those with 10 to 99 employees are small enterprises, those with 100 to 499 employees are medium-sized firms, and those with more than 499 employees are large enterprises, according to Amanamah (2016) and Aladejebi (2018). On the other hand, this study categorises SMEs according to their employee count and turnover. The GRA designates all businesses with GHC 90,000 or less in annual income as small taxpayers. Additionally, the researcher divides small taxpayers into micro and small taxpayers using the National Board for Small Business Industries (NBSSI) company categorisation system.

According to NBSSI, businesses with a staff of 0–5 are classified as micro-enterprises, and those with a staff of 6–29 are classified as small enterprises. The reclassification of SMEs is necessary because of their contribution to the mobilisation of tax revenue. It is because, compared to small businesses, delegation and division of labour in microenterprises are restricted to only a few (or zero) people. As a result, smaller businesses are less inclined to outsource professional services related to tax and other administrative activities for a fee. Therefore, micro-enterprises face a higher compliance burden than small businesses (Anamoah, 2019). So, the NBSSI's categorising small taxpayers as micro and small may help policy prescriptions to be more accurate. The Ghana Enterprise Development Commission (GEDC) also refers to SMEs in terms of Ghana Cedis. However, given the continual depreciation of the exchange rate and the processes necessary to value fixed assets, this definition has a weakness in that, it is unacceptably inadequate. SMEs can be categorised into three categories: Micro: companies with less than six employees; Very Small: companies with between six and nine employees; Small: companies with between ten and twenty-nine employees (Ameyaw et al., 2019). The number of employees and the annual turnover of SMEs are used in the current study as the fundamental criterion for classifying SMEs in Ghana.

The importance of SMEs for social and economic development in Ghana and other countries in Africa is almost widely recognised. The majority of African countries place a high priority on SME promotion because it is generally acknowledged. There is no question that SMEs serve as the cradle of the upcoming generation of African entrepreneurs. The United Nations Industrial Development Organisation (UNIDO) estimates that small and medium-sized firms make up over 90% of all legally recognised companies in Africa. Many policymakers have made small and medium-sized rural and urban firms one of their top priorities to hasten the rate of growth in an economy like Ghana. These companies are now acknowledged as catalysing the growth objectives of developing middle-income countries like Ghana. SMEs, which are also a significant source of overall output, provide employment and income to a sizeable section of the urban labour force (Werekoh, 2022). In several emerging nations, SMEs employ about 22% of the adult population (Ntiamoah et al., 2017). SMEs are also thought to employ over 60% of Ghanaians and contribute about 50% of the nation's output (Ntiamoah et al., 2017).

Furthermore, SMEs frequently use readily accessible local raw materials that would otherwise go unused and produce less foreign exchange. They enlist and utilise previously dormant financial assets, such as family funds. SMEs also promote regional expertise. To attempt a thorough understanding of SMES, it is essential to learn about its characteristics. SMEs in Ghana typically have individual or family ownership, and they frequently lack efficient management structures to support their development (Ameyaw et al., 2019). SMEs frequently consist of sole proprietorships or partnerships, even though they may be registered as limited liability companies. SMEs usually have few employees, so the survival of the business depends on the owners. Since the majority of SME owners are market women who run successful small businesses, they have low levels of education. Additionally, SMEs require less start-up capital than larger companies. Considering that the same individuals are observed and managed every day, a manager's choice might be arbitrary as well. Small businesses are also more likely to have a range of organisational structures, such as sole proprietorships (with or without employees), small corporations (public or private), professionals, and partnerships, which could result in various management techniques and record-keeping practices for the business.

SMEs are essential to the Ghanaian economy, despite all of these attributes (Atawodi & Ojeka, 2018). Successful SMEs play a unique role in the economic and social growth of both developing and developed countries, and they greatly cut down unemployment and poverty (Magableh et al., 2017). Also, SMEs in Ghana can boost exports, generate foreign exchange,

reduce the payment deficit, and provide goods, services, and materials to larger companies (Alrousan & Jones, 2017). As a result, SMEs support the expansion of the Ghanaian economy. However, the government has trouble taxing SMEs despite their significance to the overall economy. This is a result of the failure to maintain accurate accounting records regarding the size of SMEs, disclose financial information, and provide the information that is required (Nguyen, 2022). Bribery is also more common in SMEs than in large organisations because SMEs believe they face burdensome regulatory requirements (Werekoh, 2022). As a result, the effects of such behaviour influence tax compliance. Therefore, additional study of taxation concerning SMEs is needed. Werekoh (2022) asserts, however, that the majority of taxes come from large corporations, accounting for around three-quarters of all tax revenues, while the remaining taxes come from SMEs, indicating relatively low tax revenues. The agriculture sector is one of Ghana's most promising sectors due to a large number of workers and development areas dedicated to supporting medium-sized and small-scale industries, many of which have benefited from Ghana's free trade agreements and connections with other sectors like transportation, insurance, and trade. This suggests that this industry is more significant because it directly and/or indirectly contributes more than 40% of the GDP. This information serves as the foundation for the current study, which will look at how SMEs see tax compliance and its effects on their activities.

2.3.9 Taxation and Small and Medium-Scale Enterprises (SMEs)

Taxation provides a predictable and consistent source of revenue to fund a country's development initiatives, such as roads, housing units, and hospital construction. Tax revenue is critical in a nation like Ghana, where fulfilling long-term and short-term economic goals is a major issue. These long-term and short-term objectives will ultimately be one of the major factors in reaching these long-term objectives. Despite the paucity of data on SMEs, statistics from the Registrar General's Department (RGD) and the GRA show that they account for roughly 92% of all registered businesses (Amanamah, 2016; Ogunleye, Iredele & Ogunmeru, 2018; Awotwe, 2018; Musamali, 2013). This sector contributes about 22% of the GDP and generates revenue for the government through mandatory contributions (taxable incomes) and VAT collection.

Data from the 2018 annual Ease of Doing Business Report reveals that despite their major contribution, running a business in Ghana is getting harder, and MSEs are not exempt. Ghana was ranked 8th, 102nd, 87th, 120th, and 118th out of 190 countries in 2005, 2007, 2010, 2018,

and 2019, respectively (World Bank, 2018; 2019). It implies that doing business in Ghana is becoming more difficult. Out of the ten (10) indicators taken into account for the ranking, paying taxes is one of the top three factors that account for this difficulty. SMEs lack adequate accounting records and tax knowledge (Newman, Mwandambira, Charity & Ongayi (2018); Ishola, Bello & Raheed (2020)). They have a high tax non-compliance rate and a large tax gap. Atawodi and Ojeka (2012), like previous studies, find that the compliance burden among SMEs is quite substantial. The assertion supports the high incidence of non-compliance among SMEs since it costs tax-paying businesses (Adeniyi & Imade, 2018; Bello, 2018).

2.3.10 Importance/Relevance of SMEs

In Ghana, SMEs constitute a significant source of job creation (Opoku-Younge, 2019). The Ghanaian central government recognises the importance of SMEs and, as a result, sets up several organisations to help them throughout the period. These organisations include the Ghana Statistical Service (GSS), the Registrar General's Department (RGD), the Ministry of Special Development Initiatives (MSDI), and the National Board for Small-Scale Industries (NBSSI) (Gumel, 2017). According to Akinboade (2015), taxation fosters a bond between the government and the people of a nation, ensures that the costs and benefits of development are shared equitably, and offers a good platform for achieving a stable fiscal environment, thereby promoting economic growth and investment (Aladejebi, 2018). SMEs contribute to a country's GDP. As a result, they may be able to help governments to generate income (Ajibade, 2020). SMEs are an essential component of economic success (Ajibade, 2020). The use of local raw materials, the creation of jobs, the development of rural areas, the development of entrepreneurship, the mobilisation of savings, the provision of links with large firms, the even distribution of investments, and training opportunities for managers and artisans are just a few of the ways that SMEs have impacted on the growth and development of a country's economy (Adan & Hussain, 2021). Many researchers have recognised the importance of SMEs in the economy (Ifekwem and Adedamola, 2016). This includes the following:

- Since most operations in Ghana are labour-intensive, SMEs may help a nation to mobilise domestic resources, thereby decreasing imports.
- SMEs can help a country to redistribute income by developing a vibrant middle class.
- SMEs also aid large manufacturing businesses in providing raw materials for their production.

- Rural-urban drift may be regulated through the operations of SMEs.
- SMEs aid in a country's industrialisation. For instance, Ghana is seeing a rise in the number of cottage industries.

In emerging nations, SMEs have a wider geographic reach than large corporations (Anim, Awotwe, Nyarku & Kusi, 2020). In developing nations, SMEs are a source of employment generation (Riwayati, Salim, Maskie & Indrawati, 2020). Globally, SMEs are essential for economic expansion (Riwayati, Salim, Maskie & Indrawati, 2020). For instance, they account for 99 per cent of all businesses in Nigeria (Eniola, 2020), 98% of all businesses in the European Union (Eniola & Entebang, 2015) and in Ghana, they account for about 50 per cent of job creation (Kuug, 2016 and Opoku-Younge, 2019).

2.3.11 Methods of promoting tax compliance among SMEs

Jouste, Nalukwago and Waiswa (2021) explained that tax promotion is the process through which tax authorities enlist taxpayers' help in complying with their legal duties. This concept emphasises the crucial role that tax officials play in ensuring that tax rules are followed. An effective tax administration uses all available tools, including fines, to promote voluntary tax compliance. Tax compliance is a severe problem for many tax authorities, and persuading individuals to abide by the law is not an easy task. Since it is challenging to persuade taxpayers to become tax-compliant, many tax administrators struggle with the problem of obtaining tax compliance (Moses, 2019). It is challenging to levy taxes on SMEs in Ghana since they predominately operate in the informal sector of the economy. Because of this, the vast majority of these SMEs are successful in evading taxes. The remaining SMEs that follow the tax laws are likewise overtaxed, which harms the expansion of the business. Contrarily, non-compliance refers to a taxpayer's failure to properly file, report, compute, and pay tax on time for any cause. The implementation of government policy is also impacted by non-compliance, in addition to the quantity of tax that is collected (Louis, 2020). Unintentional and intended mistakes made by the taxpayer are considered non-compliance. If the taxpayer is unaware of his or her tax obligations or neglects to carry out those requirements, the non-compliance may not have been intentional because he or she is ignorant of the relevant tax laws and procedures. Even when a taxpayer is fully aware of the rules, intentional non-compliance occurs when they choose not to meet their legal tax duties (Gitaru 2017). To make sure that taxpayers fully and promptly satisfy their tax duties, the tax authorities should continuously evolve tax policies and methods

(Bayissa, 2021). The primary issue in this situation is determining the necessity for and willingness to encourage taxpayers to comply with tax rules and the requirement that taxpayers voluntarily do so to maintain economic equilibrium (Zieser, 2021).

In developing nations like Ghana, the issue of tax non-compliance is mostly brought about by the sizeable informal sector and the absence of adequate mechanisms and structures to enforce tax laws (Okpeyo, Musah & Gakpetor 2019). Tax compliance is based on authority or trust. When tax compliance is based on trust, it is referred to as voluntary compliance but, when it is based on power/authority, it is referred to as enforced compliance (Kiow, Salleh, & Kassim, 2021).

However, choosing the regulatory enforcement strategy that will be most successful in getting taxpayers' long-term voluntary compliance has proven to be challenging, particularly with SMEs.

Penalties or sanctions for preventing compliance (deterrence model)

The main method of enforcing tax compliance depends on the tax authorities and other authorities, and the court's behaviour in punishing offenders of the tax law. According to Timothy and Abbas (2021), the scope of enforcement authority should be clearly defined, consistent across the range of tax legislations, with the least amount of administrative latitude possible, and eventually subject to court review. Effective criminal penalties should only be applied in cases of flagrant and wilful non-compliance. Braithwaite (2003) and Jousté et al. (2021) argued for the employment of civil penalties and surcharges as the primary means of enforcing compliance. The worldwide standard method of enforcing tax compliance by tax authorities has been the use of penalties. Punitive penalties have been added to tax legislation. Due to this, Tusubira and Mugarura (2020) proposed that tax agents using an electronic filing system are more likely to achieve compliance. This idea of deterrence can be dated back to Beccaria (1797). The key assumption of Beccaria (1797) was that since people are rational agents, they will behave in a way that maximises their expected value. Additionally, Becker (1968) acknowledged that people are rational decision-makers who will sacrifice whatever to maximise predicted utility. In that circumstance, regulatory authorities must enact harsh fines to discourage them from violating tax laws. As a result, in the 1960s and 1970s, scholars became interested in studying the impact of deterrence on legal compliance.

Punitive measures are required for institutional legitimacy and procedural justice (Seibel, 2020; Hasseldine and Hite, 2007; Sadress, Bananuka, Orobia, & Opiso, 2019). Tyler (1990; 2006) suggests that including penalties in tax law will ensure compliance and advance fair tax administration. According to Tyler, taxpayers would view severe fines as more procedurally fair, increasing adherence to tax laws. Having institutional processes in place to deal with non-compliant taxpayers increases public confidence and its legitimacy. Because of this, a widely accepted strategy for enforcing tax compliance has emerged, typically consisting of using force and punishment to compel noncompliant taxpayers to comply. Governments worldwide have employed and still utilise this traditional enforcement pyramid (Timothy & Abbas, 2021). Figure 1 presents a diagrammatic representation of this pyramid of enforcement.

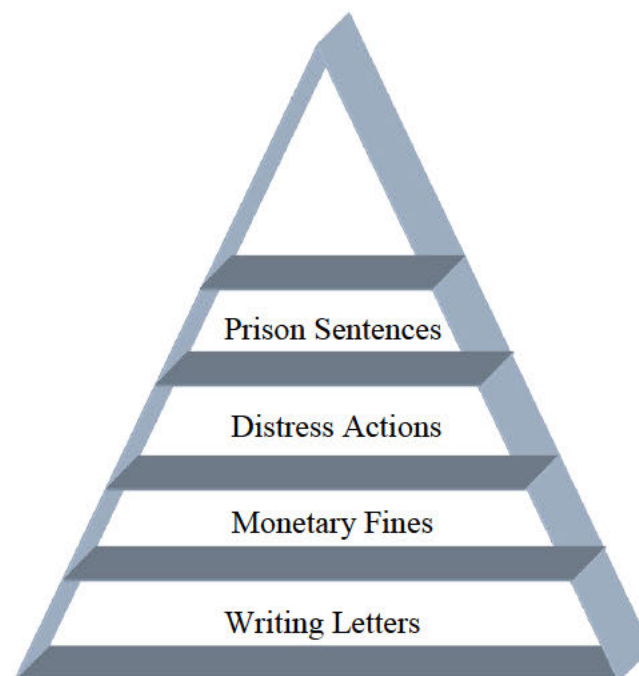


Figure 2. 1 Pyramid of enforcing tax compliance

Source: Ayres and Braithwaite (1992, p 35).

Most of the regulatory activities take place at the base of the pyramid when early efforts are made to promote compliance through anxiety and warning letters. If this does not succeed in enforcing compliance, civil monetary penalties are imposed. If the implementation of civil sanctions is unsuccessful, criminal prosecution follows. After that, a programmed shutdown or brief suspension of the operating permit is initiated. Ayres and Braithwaite (1992) pointed out that adding financial penalties, legal repercussions, and jail time deters non-compliance and increases compliance.

The tax authorities, however, have a variety of tools at their disposal through sanctions or punitive actions, regardless of the cause of non-compliance. The causes for non-compliance, which are at the core of every instance of regulatory non-compliance, are ignored by sanctions. Additionally, some academics have shown that punishment alone does not guarantee compliance (Tittle and Logan, 1973). A rational taxpayer would not comply if the reward from evading taxes is greater than the projected compliance cost, as suggested by traditional economic deterrence models, which combine deterrence theory and utility theory (Roth and Scholz (1989). The deterrence model is often criticised for failing to adequately explain the high levels of voluntary compliance seen in many contexts. Once more, maintaining a deterrent system might be expensive. A growing body of research in the field of taxation suggests that deterrence-based methods of dealing with offenders may not always be effective in the long run. They may weaken the bond between the governed and the legal system (Murphy, 2019). Because of the limits of these punishments, alternative compliance improvement models that use techniques that are completely distinct from or complement the conventional deterrent compliance model were needed (Iwu & Opute, 2021).

The use of persuasion/cooperation in promoting tax compliance

Many academics have questioned the effectiveness of punishments in enhancing tax compliance. In the 1980s, researchers started to acknowledge the value of persuasion and cooperation, sometimes referred to as the accommodating paradigm, as an enforcement instrument for obtaining compliance, when they changed their focus from deterrence to compliance. The accommodating regulatory paradigm favours cooperation over coercion as a means of achieving goals (Naporow, 2015 Mbilla et al., 2018). In contrast to harsh law enforcers, governments would rather be viewed as service providers. Murphy (2019) stated that the accommodating approach aims to foster cooperation and goodwill between regulatory authorities and those they oversee. Research on procedural justice has revealed the importance of applying the accommodating method to enforced behaviour (Murphy, 2019). According to Okoye (2019), being recognised and given respectful treatment with genuine regard increase a sense of fairness among those under control. People value polite treatment from the government, and those who treat them properly are more deserving of respect (Okoye, 2019). Numerous studies, including Murphy (2019) have asserted that procedural fairness has a positive impact on the behaviour of taxpayers. Tyler (2006) stated that if authorities are willing to participate in the discussion by teaching and assisting taxpayers in improving their financial

recording procedures, this will help to increase support for the legislation and enhance compliance.

Partnership with the community

A tax authority's operations ought to be based on relationships with the community. Shalaby (2022) proposed that tax authorities need to focus on building networks to increase community awareness of tax compliance and tax compliance skills. The issues brought about by tax evasion are too numerous for tax administrators to handle on their own. They must therefore seek the community's assistance in making judgments regarding tax compliance. Iwu et al. (2021) noted that third-party interaction is relevant so long as tax officers effectively encourage self-compliance given the limited resources at their disposal. By involving key stakeholders in the process of making the regulations, tax authorities can enhance communication and minimise likely conflict. Tax authorities for instance may be informed of particular regulatory shortcomings and compliance problems. Tax officials may gain a better understanding of the range of available policy alternatives with the aid of this kind of information. By providing data in an open forum, other stakeholders can make input to well-informed decisions. Tax agents can better understand taxpayer motivations with the aid of strategic connections. Also, Jouste et al. (2021) indicated that this technique enhances tax officials' abilities to respond to various taxpayer requests while also equipping them with knowledge of particular industry concerns and procedures. Cooperation and understanding are the only ways to achieve taxpayer compliance rather than force (Ayres & Braitewaite, 1992).

Partners to be identified for compliance

Tax administrators cannot operate alone but may need the help and collaboration of industry and the community to enhance taxpayer compliance. Peer communication is quite important, and the backing of essential stakeholder groups might benefit tax representatives. Sadress et al. (2019) stated that the issue for tax authorities is identifying the best partners to act as champions and advocates. The partners chosen would be based on the market and might be anyone from successful business owners to tax professionals to be compliant taxpayers. To develop an efficient tax system, tax authorities must figure out how to work in collaboration with respected stakeholders (industry organisations, professional organisations, government agencies at all levels, and tax agents). These interest organisations would be in a stronger position to influence people, such as SMEs, on which tax officials have little power. The potential benefits of tax agencies collaborating with trustworthy third parties, like industrial associations, professional

associations, and trade unions, with which tax agents maintain continuing relationships, were highlighted by Sadress et al. (2019) and Nalukwago and Waiswa (2021). Since these third-party organisations have a long history of having a vested interest in stopping non-compliance that disadvantages their compliant members financially or in the marketplace, people are seen by regulatory authorities as social actors who favour accommodating regulatory enforcement. This is a result of the belief in the rule of law, in addition, they also recognise that non-compliance hurts their compliant members' ability to compete in the marketplace or earn a living (Slemrod, 2019).

Education and helping taxpayers with tax compliance

Tax authorities need to hire desk officers who can go to taxpayers' homes or places of business to provide them with assistance concerning their business registrations, bookkeeping and the treatment of business expenses (Jouste et al.2021). The officers should be able to help and provide guidance. Additionally, the staff at the Business Desk should be able to offer ongoing support and guidance on a variety of tax-related topics to SMEs and self-employed people who occasionally have questions about whether they are complying with tax laws, either over the phone or in person.

Proper financial accounting record systems.

Additionally, all company activities require some sort of keeping records, which is among the most crucial aspects of managing a successful organisation. Tusubira and Mugarura (2020) pointed out that one of the reasons why SMEs fail is insufficient, incorrect, or non-existent books and records. The sort of business will determine the records' scope, nature, depth, and information needed. Regularly, records give feedback on the efficacy and profitability of activities. Records help a business examine its growth and identify new opportunities. More importantly, accurate and reliable records show how profitable and valuable a company is. Maintaining records is essential for helping businesses to fulfil their tax obligations. All records that support deductible claims, and those that are used to calculate a taxpayer's assessable and taxable income, must be kept by the taxpayer. In most tax laws, failing to keep proper records can result in a fine or a conviction for the taxpayer. Practically, businesses that keep accurate records are likely to have in their possessions the necessary information tax officers would need to complete the tax return when the documents are delivered to the authority at the end of the year. There are many negative effects on individual taxpayers if accurate records are not

kept, including the time and other resources required to assemble financial data and the preparation of erroneous tax returns for those taxpayers (Jouste et al., 2021).

2.4 CONCLUSION

This chapter has focussed on theories underpinning tax equity and compliance. Three theories, namely the social expansion theory, equity theory, the economic theory of crime and reporting, and the planned behaviour theory were justified in line with the study's objectives. The study also looked at contextual issues such as the history of taxation in Ghana, objectives of taxation, the concept of tax equity and SMEs and how it is conceptualised. Taxation is an informal contract between the central authority and the payer, according to the theoretical and conceptual understanding. The strength of the contract between the taxpayer and the government is determined by the taxpayer's perception of the government in fulfilling its obligations. If taxpayers believe that the role of the government in serving them is effective, fair, and reasonable, they are more likely to comply with the tax rules of the country.

There is no universal tax equity and compliance framework or theory; however, it has been noted by literature reviewed that events in the tax regime have led various countries and international organisations to develop some tax policies and frameworks which may be followed in the context of different countries.

The next chapter will conduct an empirical literature review on tax equity perceptions, compliance intention and compliance behaviour.

CHAPTER THREE

EMPIRICAL LITERATURE REVIEW

3.1 INTRODUCTION

The chapter discusses an empirical literature review on tax equity perceptions among SMEs. Extant literature on the study objectives is also discussed in this chapter. Finally, a comprehensive conceptual framework illustrates the relationship between the variables/constructs under investigation.

3.1.1 General overview of Tax Equity Perceptions and Compliance Behaviour among SMEs

Every country collects taxes from citizens to mobilise revenue for developmental projects and programmes (Van den Boogaard & Santoro, 2021; Bastiaens, 2021; Nana & Andrew, 2020).

A measure of the fairness of the tax system based on a taxpayer's ability to pay can be described as tax equity. Therefore, taxation is the system used by governments to generate funds based on their working class's income level, assets, or transaction values (Moore & Prichard; Saez & Zucman, 2019). There has been a recent increase in the empirical literature on the influence of tax on business activities (Block, 2016; Ravšelj, Kovač & Aristovnik, 2019; Darnihamedani et al., 2018). Slower economic development and growth, and low productivity, investment, employment, and innovation have been directly linked to higher taxes (Esteller-Moré, Rizzo, & Secomandi, 2020; Belitski et al., 2016; Mukherjee, Singh & Žaldokas, 2017). Tax reduction has been recommended as the best remedy to this problem however, the situation may not be the same in some emerging economies.

The effect of tax on private businesses (SMEs) in Portugal has been evaluated by Venâncio et al. (2020). Their study specifically aimed at investigating the influence of tax on company establishment and employment creation. Their study further explored the features of company founders and their start-up capital, which corresponded to particular tax reforms. Venâncio et al. (2020) concluded that the Portuguese system makes it possible to evaluate the role of taxes in increasing employment, productivity and company establishment in a near-neutral tax system.

In Ghana, the tax system does not reward tax-driven and risk-taking entrepreneurs as in developed economies such as America. According to Cullen and Gordon (2007), and Liargovas, Apostolopoulos, Dermatis and Komninou (2021), SME owners who take risks and are driven by the tax are favoured since the tax system in the USA is designed attractively for individuals who earn more. In effect, the system is meant to encourage individuals to be self-employed hence, they pay lower taxes as their income level rises (Cullen & Gordon, 2007). Taxpayers in Ghana do not like to take the effort and time to adhere to the tax code of the country and also do not like to pay taxes due to reasons such as tax inefficiency and tax unfairness concerning their differing jobs and varying salaries (Okpeyo, Musah & Gakpetor, 2019). Another reason is that the SMEs in Ghana dive too deep into their work, thus deprioritising and procrastinating certain vital civic duties like paying taxes and often get caught up after several months of procrastination (Okpeyo, Musah & Gakpetor, 2019). The tax system is structured such that it represents repetitive costs that decrease the profits of the SMEs and eventually discourage self-employment and the establishment of private companies to help eradicate the problem of unemployment in the country. Therefore, it is imperative to formulate an attractive tax policy and promote tax equity in Ghana to erase the negative reaction of Ghanaians toward tax payments. This work investigates the Ghanaian SMEs' perception of tax equity and compliance and critically provides an empirical review of the phenomenon for the study's objectives.

3.2 TAX EQUITY PERCEPTIONS AND COMPLIANCE BEHAVIOUR AMONG SMES

There is considerable research on the taxation of SMEs, with very few focusing on developing countries like Ghana (Crook, 2017; Brownlee, 2016; Doyle, 2018). Available studies have focussed more on the influence of income level on self-employment (Balioune-Lutz & Garello, 2014), whereas few studies are based on corporate income tax effects on self-employment (De Simone, McClure & Stomberg, 2019; Can, 2020). Similarly, tax equity's perception and influence on SMEs in developed and developing countries are understudied. Zotikov, Arlanova and Lvova (2020) stated that understanding the importance of individual tax equity is vital for the progress of every country. There is no definitive explanation for tax equity. Still, generalisations of ideas based on neoclassical, institutional and Keynesian schools of thought have clarified that tax equity can be measured by bringing culture, values and tradition to the forefront (Zotikov, Arlanova and Lvova, 2020). It can be implied that the

method of measuring tax equity in every country and continent is different since the phenomenon is more of a group of people's social and economic behaviour.

Three aspects of tax equity perceptions are examined in this study (vertical, horizontal, and exchange).

3.2.1 Vertical equity perception and tax compliance behaviour

Vertical equity highlights the need for varied tax rates for taxpayers with different economic circumstances (Margaretha et al., 2020; Azemi et al., 2020; Abdul et al., 2020; Bayram et al., 2017; Thomas, 2012 & Efebera et al., 2004). Abdul et al. (2020) revealed that taxpayers who earn a high income should pay more tax than those who earn less. Casteneda (2021) evaluated tax equity and its relationship with fiscal morale, more specifically, the study examined whether vertical equity declined in line with the reduction in the distributive effect of the tax-transfer system. The results revealed that vertical equity declines with the same proportion as the redistributive effect of tax policy declines. Again, the study of Jun et al. (2018) also revealed a significant positive relationship between religiosity and vertical equity, implying that economic and social incentives are more effective than religiosity and religion on taxpayers' morale.

3.2.2 Horizontal equity perception and tax compliance behaviour

According to Efebera et al. (2004), horizontal equity perception refers to the equal treatment of taxpayers in identical situations. It implies that tax rates for taxpayers with comparable incomes should be the same. The results of the 2004 study by Efebera et al. are consistent with recent research by Margaretha et al. (2020), Azemi et al. (2020), and Farrar et al (2020). They discovered that the perception of horizontal equity has a detrimental impact on tax compliance behaviour. The nature of fairness perceptions and the psychological mechanisms that give rise to such perceptions are still poorly understood, as revealed by extant literature on equity perceptions. These researchers claimed that this kind of notion of equity about tax payment would lead to an increase in non-compliant behaviour (Margaretha et al. (2020), Azemi et al. (2020) and Farrar et al. 2020). However, some studies (Abdul et al. 2020) revealed a strong influence of exchange equity perception on tax compliance but an insignificant link between horizontal equity perception and tax compliance behaviour. It is necessary to comprehensively study one relationship between horizontal equity perception and tax compliance behaviour to

bring finality to the theme because there are conflicting findings and a lack of clarity on the topic.

3.2.3 Exchange equity perception and tax compliance behaviour

Exchange equity postulates that the exchange of contributions and benefits between taxpayers and the government should be fair (Abdul et al., 2020; Margaretha et al., 2020; Azemi et al., 2020; Efebera et al., 2004). Exchange equity presupposes that taxpayers want the benefits received from the government to match their tax contributions. As much as tax payment is a compulsory legal obligation, the taxpayer still expects the government to give society an equitable return. According to Jun et al. (2018) and Azemi et al., (2020), most taxpayers, especially self-employed entrepreneurs, do not perceive a fair return to society. Hence, most SMEs resort to not complying with tax laws.

Fiscal exchange theory also explained that government could boost tax compliance by giving back to society more efficiently (Jun et al., 2018; Moore, 2004). Azemi et al. (2020) also disclosed that where taxpayers perceive that the tax system has low exchange fairness, non-compliance is likely to increase. Also, the study by Abdul et al. (2020), Margaretha et al. (2020) and Azemi et al. (2020) found a significant effect of exchange equity perception (fairness) on tax compliance behaviour. The authors further argued that governments and tax authorities must provide taxpayers with beneficial services to change their equity perception to increase tax compliance positively. However, Farrar et al. (2020) revealed an insignificant or no effect of exchange equity perception on tax compliance behaviour. In the South-West state of Nigeria, Augustine and Enyi (2020) did a study on the prevention of corruption, public confidence in the administration, and voluntary tax compliance. 1200 distinct taxpayers were chosen as the study's sample size using a stratified and random sampling technique. The survey research design and the data collection instrument were a questionnaire. Findings from the study demonstrate that control of corruption, which has a strong link with tax equity and trust in the government tax system, had a strong significant positive effect on tax compliance behaviour, hence the need for a separate investigation of the nexus between exchange equity and compliance behaviour of SMEs.

3.3 THE MEDIATION ROLE OF COMPLIANCE INTENTION ON THE RELATIONSHIP BETWEEN TAX EQUITY PERCEPTION AND TAX COMPLIANCE BEHAVIOUR AMONG SMES

The planned behaviour theory proposes that several factors affect a person's behaviour, and behaviour originates from certain reasons and emerges from a planned and coordinated manner (Erten, 2002). Similarly, Benk et al. (2011) also posited that a person would undertake a particular behaviour based on the purpose of that behaviour. Several studies have argued that tax equity perception affects tax compliance behaviour (Abdul et al., 2020; Azemi et al., 2020; Margaretha et al., 2020; Farrar et al., 2020; Bayram et al., 2017; Thomas, 2012 and Efebera et al., 2004).

This study argues that equity perception does not directly affect tax compliance behaviour because it passes through tax compliance intention. When SMEs develop an equity perception of the tax system, it first influences their tax compliance intention, which in turn causes compliance behaviour. This argument stems from the theory of reasoned action that envisages people's behaviour based on their behavioural intentions. It explains further that the intention to engage in a particular behaviour precedes the actual behaviour (Okafor, 2022). For instance, if SMEs perceive inequality in the tax system in Ghana, they will first form their compliance intention. If the compliance intention is negative, they develop negative tax compliance behaviour.

Efebera et al. (2015) revealed a direct effect of equity perception on tax compliance intention and tax compliance intention on tax compliance behaviour in isolation (Appah & Wosowei, 2016). In Sri Lanka, the attitude to follow tax rules and regulations was examined by Jayawardane and Low (2016). Their study focussed on different taxpayers in Colombo city. The results revealed a very high tax charge and an unfair tax system. Additionally, the probability of tax audits is not adequate, the likelihood of discovery is low, and the tax system is complicated, impacting the intention to follow tax regulations. Taxpayer perceptions of compliance intentions were studied in Ghana (Abdul-Razak and Adafula, 2013). The findings were approximated among SME owners in Tamale. According to the results, respondents are particularly concerned about their level of the tax burden. Ghana's tax rates are commonly considered to be excessive. Furthermore, SMEs' views and impressions about tax administration and compliance decisions are influenced by their tax burden. Regarding the amount of taxes paid, individuals are less important than higher-income taxpayers.

Furthermore, taxpayers' compliance intention was unaffected by the degree of government accountability and openness. There is widespread agreement on the advantages of public goods and services, particularly physical infrastructure. Additionally, the study's results indicate a lower probability of the general public's thorough understanding of the tax code. It was shown that there was a statistically significant positive correlation between knowledge and intentions to comply with the tax code. The attitudes of taxpayers and how they behave in terms of compliance in Kenya were looked at by Kuria (2016). 100 top mid-sized enterprises were the subject of the poll. This study aimed to learn more about the elements that impacted taxpayer views and compliance. The findings show that taxpayers' assessment of their tax liability was a key determinant of their sentiments. The study also discovered that taxpayers' compliance intention substantially influences tax compliance. Tax authorities must take into consideration the perception of taxpayers since their perceptions significantly affect compliance behaviour.

Peprah et al. (2020) investigated how well Micro, Small and Medium-sized Enterprises (MSMEs) in Ghana complied with income tax administration. A mixed-method study was used by the researchers with 210 participants (200 MSMEs and 10 key informants). Lack of tax education, high tax rates, low-income levels, and high household consumption levels were found to be the main determinants of tax compliance among MSMEs in Ghana. The survey also demonstrated that issues with tax administration include a lack of institutional ability, a lack of resources, general disapproval of paying taxes, a lack of cooperation among the taxing authorities, and political influence. Nandal et al. (2021) used a sample of 728 Haryana SMEs to conduct research on the prevalence of tax compliance, tax justice, and tax complexity for the Goods and Services Tax (GST) among Indian SMEs. The researchers discovered that SMEs experience high levels of GST complexity, poor levels of GST compliance, and low levels of perceived GST fairness. The study also showed that tax fairness has a favourable impact while tax complexity harms tax compliance. The researchers concluded by urging governments to make GST more equitable and simplified for taxpayers. Lumumba, Wanjohi, and Magutu (2010) surveyed taxpayer compliance attitudes and behaviour in Kenya using SME revenue from companies in the Kirinyaga District. The findings revealed a significant influence of taxpayer's intention on tax compliance behaviour in Kenya. This assertion is supported by a correlation of 0.846. It suggests that taxpayers' opinions influence tax compliance in Kenya. Wijaya (2019) studied taxpayers' views about removing tax sanctions and their knowledge of taxpayer compliance in Yogyakarta. Their study was a quantitative research project. The population in this research is made up of a single taxpayer. As of the end of 2015, there were

around 350,935 individual taxpayers. The results demonstrate a positive link between taxpayer perceptions and compliance. Tax awareness and compliance were also found to be positively correlated. The study aimed to analyse the impact of tax knowledge on taxpayer compliance. Boyolali, Wicaksono, and Lestari (2017) examined how attitudes toward taxpayers and tax-related knowledge and awareness affect these factors. Convenience sampling was used in this study. The study, which employed several regression analysis techniques, found that taxpayer awareness has a considerable impact on taxpayer compliance. Additionally, 31 published research on Indonesian tax compliance were included in a meta-analysis (Damayanti, 2018). This study evaluates the impact of tax awareness, socialisation, knowledge, fines, and attitudes on Indonesian taxpayer compliance. Their study attempted to support earlier results that tax compliance in Indonesia is influenced by taxpayer attitudes. The study's findings demonstrate that every aspect, including tax socialisation, tax service quality, tax awareness, tax knowledge, tax penalties, and taxpayer attitudes, has an essential and positive influence on the degree of compliance among Indonesian taxpayers.

Nkwe (2013) identified a link between attitudes and tax compliance behaviour and suggested that elements that may influence taxpayers' attitudes should be considered when determining whether or not to comply with the tax laws. The researcher also studied the attitude and behaviour of taxpayers on the tax system and suggested that the attitudes and behaviours of Botswana's SMEs must change to achieve voluntary tax compliance. A sample of 200 taxpayers from SMEs was used for the study. The study concluded that taxpayers' compliance intentions impact compliance behaviour and tax equity perceptions.

Based on the discussion above, it appears that none of these research works examined the mediating impact of compliance intention on the link between tax equity and compliance behaviour, particularly among SMEs in Ghana (Abdul-Razak and Adafula, 2013 Margaretha et al., 2020). Additionally, the bulk of these studies chose their sample size using either a convenient or a purposive sampling technique, which has drawn heavy criticism (Wicaksono, and Lestari, 2017 & Kuria, 2016), because it does not provide candidates with an equal chance of being chosen. Additionally, no one study concentrates on the perspective of the current study, as shown by the following elaborations and discussions from earlier works of literature. Additionally, there was no specific study that focussed on the concept locally. To fill this gap in the research, this current study uses tax compliance intention as a mediating variable between perceptions of tax equity and compliance.

3.4 EQUITY PERCEPTION AND TAX COMPLIANCE BEHAVIOUR: THE MODERATION ROLE OF TAX KNOWLEDGE

Wardana (2017) argues that the equity perception of a taxpayer cannot influence tax compliance behaviour in isolation. Another factor, such as tax knowledge, can strengthen, lessen or even change the direction of the nexus between equity perception and tax compliance behaviour.

3.4.1 Tax Knowledge moderates the link between Tax Equity Perception and Compliance Behaviour

Despite equity perception being a good predictor of tax compliance behaviour, Asrinanda (2018) stated that tax knowledge is a fundamental requirement when analysing the compliance behaviour of taxpayers. According to Loo et al. (2009) and Farrar et al. (2020), filing tax returns on time, reporting the correct amount and computing the right amount of tax liabilities require tax knowledge at a certain level by the taxpayer. It, therefore, means that tax knowledge is likely to influence equity perception on tax compliance behaviour.

It should be noted that in as much as tax knowledge influences compliance, it also affects the equity perception of taxpayers (Loo et al., 2009). Also, gaining tax knowledge can change taxpayers' perceptions about tax equity and, thus, tax compliance behaviour.

Meanwhile, studies have examined the connection between equity perceptions, taxpayer's tax knowledge and tax compliance behaviour (Abdul & McFie, 2020; Bayram et al., 2017; Thomas, 2012; Efebera et al., 2004) and the link between tax knowledge and tax compliance behaviour (Loo et al., 2009) in isolation. In 2020, Fauziati, Minovia, Muslim, and Nasrah examined the effect of tax compliance in Indonesia. Data collection involved the use of questionnaires. The information revealed that taxpayers' comprehension of tax laws and rules had minimal impact on tax compliance. Mwandiambira (2017) investigated whether the high rate of tax evasion among SMEs in Zimbabwe is caused by a lack of tax awareness. A quantitative technique was used in the investigation. SMEs in Zimbabwe grasp the basics of taxation, but many people are unaware of the differences between assumed tax and income tax. However, this has an impact on how they behave when they do not comply. It was discovered that tax justice and corruption were problems that needed to be addressed if tax knowledge was to have a positive impact on tax compliance. Tax compliance among SMEs is unaffected by tax literacy, which includes general, legal, and technical knowledge. The results demonstrate

that even the most tax-savvy taxpayers are not always in compliance with the law. The impact of taxpayer knowledge on SME compliance in the emerging economy was investigated by Newman, Mwandambira, Charity, and Ongayi (2018). Their research examines the literature to determine if SMEs in a less developed nation are knowledgeable about tax and what variables may impact their tax literacy. Other variables that might affect the gap between SMEs and tax authorities' strategies for raising awareness and complying with SME regulations have been identified. The results from their research revealed that SMEs in certain developing countries do not adhere to tax rules. SMEs only have a rudimentary understanding of taxation and are unconcerned about tax issues. It also shows that increasing tax compliance among SMEs will not be aided by raising tax awareness alone, which ignores issues like tax equity, rising tax rates, and corruption. Adhiambo (2019) looked at the factors influencing Nakuru merchants' tax compliance. Aspects to examine include tax knowledge, tax education, cost of tax compliance, views of tax evasion, and information technology. An approach to descriptive research was used in this study. According to the research, tax compliance is positively and significantly impacted by tax knowledge, education, and cost of compliance. Compliance is not greatly impacted by tax evasion perception, but it is greatly impacted by technology, particularly online filing. The study's findings diverge from those of Fauziati et al. (2016) and Mwandambira (2017). Tax literacy has no impact on tax compliance as per the findings of both studies. On the other hand, tax literacy has a significant impact on tax compliance, as shown by Adhiambo (2019). Gitonga and Memba (2018) investigate the factors that affect tax compliance in Kenyan savings and credit unions for public transportation. An approach to descriptive research was used in this study. A total of 40 office managers were polled for this study. An analysis of the link between tax compliance and its influencing factors was conducted using a binary logit regression model. The cost of tax compliance, tax literacy, and penalties that serve as a deterrent to paying taxes were all found to be statistically significantly correlated, according to the study. The results of this study are consistent with those of Adhiambo's (2019) research, which demonstrated that one's tax expertise has a significant impact on tax compliance. But the study differs from Mwandambira's (2016) and Fauziati et al.'s (2017) conclusions. There have been conflicting results from earlier studies on the connection between tax compliance and knowledge. The results confirm the necessity of undertaking the planned study on how tax knowledge influences tax compliance and perceptions of tax equality.

Keraro (2017) looks into the elements that affect tax compliance in Nakuru with a focus on small business operations. Although the Kenyan economy's small company sector is expanding at a rapid rate, tax system non-compliance persists as a challenge. It is vital to specify some overarching goals, such as how tax education and knowledge affect compliance with tax laws, how much it costs to comply with the law, whether tax evasion accusations are likely to succeed, and how tax penalties and fines levied by tax authorities affect compliance. The sample size of the study was determined to be 212 SMEs. Data was gathered through the use of a self-structured questionnaire. The study discovered no statistically significant link between how likely SMEs believed tax evasion to be and how compliant they were with the law. Tax compliance and opinions about the likelihood of tax evasion are negatively correlated, however, this relationship is statistically negligible. Tax knowledge and education do not statistically significantly influence tax compliance in SMEs, notwithstanding the statistically negligible negative association between tax knowledge and compliance. The Kenyan Income Commissioner should include financial institutions in most transactions and enhance their staff to guarantee that all reported income by SME operators is tracked and verified.

Rahayu, Setiawan, and Troena (2017) examined whether a taxpayer's knowledge of tax laws can mediate the association between equity perceptions of taxpayers and their compliance behaviour. Taxpayers participated in this study, which used a quantitative methodology. The study's conclusions show that understanding and awareness of tax laws are essential for taxpayer compliance. Knowledge of the community and understanding of tax laws have little influence on taxpayers' compliance, even if they are acquired indirectly through taxpayer awareness. The public has a limited understanding of tax administration, the utilisation of information technology and the necessity of paying taxes for the prosperity of the nation because of the country's various demographics (Rahayu, Setiawan, and Troena, 2017). This study advances our knowledge of how taxpayer awareness, comprehension, and knowledge affect compliance behaviour. Kamil (2015) looked into the effects of a tax authority, tax authority knowledge, tax penalties, and taxpayer awareness on compliance in Bandung. This was done using multiple linear regression analysis. To collect data, taxpayers were sent questionnaires to complete. The statistics show that individual taxpayer compliance is positively and significantly influenced by taxpayer knowledge. Knowledge has a negative and significant relationship with taxpayer compliance. Individual taxpayer compliance has a strong and positive relationship with tax penalties. It was shown that tax compliance increased when tax penalties were applied more effectively. The relationship between tax compliance and

financial services is advantageous and essential. It implies that the degree of tax compliance in the service sector will be higher if the tax authority is providing better service to the taxpayers. Inasius (2019) looked into the variables affecting small and medium-sized businesses' adherence to Indonesia's income tax reporting requirements. With the aid of multiple regression, six tax compliance variables were investigated. In a survey conducted in Jakarta, 328 participants were selected from small businesses. The advisory group, the possibility of an audit, tax expertise, and views on justice and fairness were all found to have a significant impact on tax compliance. The target group, in particular, has a considerable impact on the behaviour of SMEs that disobey tax regulations. Governments may use these lessons to create future tax laws that increase compliance. Helhel and Varshalomidze (2015) looked at factors influencing taxpayer attitudes and perceptions about tax compliance in the Georgian tourism business. Based on earlier studies, the factors were split into internal and external groups. Recent research on tax compliance has centred more on people than on businesses. Helhel and Varshalomidze (2015) used information from small and medium-sized firms in Georgia's tourism industry (SMEs). A focused interview was conducted after developing the questionnaire using a five-point Likert scale. In this investigation, the commonly used Cronbach's alpha coefficient, which assesses internal consistency, was discovered to be 0.837. Data showed that internal factors significantly outperform external variables in predicting tax compliance. Their opinions of the situation did not differ as much as they seemed to. The ability to appropriately file taxes, raise tax awareness and understand and evaluate preventative measures all have an impact on taxpayer behaviour (such as exemptions, exams, sanctions, and fines). There were minor variances based on ownership and subsector, but neither age nor place of business had a statistically significant impact on respondents' opinions and attitudes toward taxes.

Adimassu and Jerene (2016) looked into factors that influence taxpayers' readiness to use the self-assessment method (SAS). An approach known as cross-sectional research was used in the study's design. This study focussed on Ethiopian taxpayers. A total of 377 taxpayers made up the sample. A randomly selected taxpayer was chosen from each city. Both primary and secondary sources of information were used to create the data. With the use of a logistic regression model and a Pearson correlation matrix, the findings of this research were evaluated and summarised. The results of their study demonstrate that tax awareness, the convenience of administration and filing, opinions of fairness and justice, government spending, and the willingness of taxpayers to comply significantly play a role in achieving voluntary compliance

through the self-assessment method. Ensuring that individuals have a thorough understanding of taxes is essential to the operation of a self-assessment tax system. Taxpayers must be informed, well-educated (particularly on tax-related matters), and continually raising their tax literacy level if they are to maintain their information up to date and applicable. Finding out precisely how tax knowledge, tax justice, and government spending encourage voluntary tax compliance has received less attention. Nurwanah, Sutrisno, Rosidi, and Roekhudin (2018) examined the determinants influencing tax compliance from the perspectives of stakeholder theory and planned behaviour theory. The South Sulawesi Region Directorate General of Taxes' corporate taxpayers were the subject of this study. proportional random sampling was used to calculate the sample size for this test. Partial Least Squares were used for the study (PLS). The findings of the study show that taxpayer behaviour considerably and favourably affects compliance. Taxpayers may be inspired to carry out honourable deeds and make positive contributions to society if tax compliance is improved. Subjective norms have a positive and significant influence on intentions to comply with the tax code. According to this paradigm, a person's behaviour in society is influenced by several distinct factors that have ordered origins and derive from particular bases. The ability to prove a person's guilt for a certain behaviour has an impact on that person's intention. Subjective norms perceived behavioural control, which is impacted by behavioural beliefs, normative views, and control beliefs, are three attitudes toward behaviour elements that interact to determine behaviour intention. The researcher employs stakeholder theory to incorporate social awareness because the study focuses on corporate taxpayers. Abd Hamida et al. (2020) examined the elements affecting GrabCar drivers' tax compliance in Malaysia. The study focussed on Grab drivers who had offered the service at least once in Malaysia and employed a quantitative research technique to collect relevant data. The findings suggest that the Grab drivers' compliance with tax laws is influenced by their attitudes and tax knowledge. The results suggest that a tax education programme should be launched by the Malaysian tax authorities to raise public awareness of robbery drivers. As a result, it was acceptable to infer that companies with a high level of tax knowledge and awareness were more inclined to comply voluntarily. The study also discovered a positive and significant link between tax awareness, knowledge, and compliance. The findings of the study can be used to demonstrate why tax knowledge is the most fundamental skill that every taxpayer should possess. Without tax knowledge, it might be challenging for taxpayers to fulfil their tax duties. However, this study was only able to include Malaysian GrabCar drivers.

The effect of tax administration, knowledge, and information on taxpayers' compliance in Nigeria was studied by Olaoye, Ayeni-Agbaje, and Alaran-Ajewole (2017). The results from the survey were analysed using the conventional least squares method. Statistics indicate that while tax administration had a minimal impact on compliance, tax comprehension and expertise had a positive impact. Their study suggests that rather than expecting tax administration, tax knowledge and understanding to likely promote adherence to tax laws, the government, through its institutions, should actively educate potential taxpayers about tax laws and regulations. The ability of taxpayers to understand the importance of taxes on the nation's economic development and their confidence in upholding their tax commitments would be improved by tax education or training. Hassan, Nawawi, and Puteh Salin (2016) investigated the impact of tax education programmes on tax compliance. A poll of 60 individuals was drawn at random to form the study sample. It was discovered that taxpayers make good use of tax education information. Even if there is always room for improvement, it is still a good idea to encourage more people to comprehend and educate themselves on taxes. Additionally, data shows that taxpayers like tax education programmes. The findings of this study indicate that taxpayers' opinions on tax education programmes need to be changed if they are to be exposed to them more frequently in the future. Hassan, et al.'s (2016) study was pertinent in light of the fact that tax education initiatives increase taxpayers' tax literacy. The fairly small sample size of this study, however, posed a limitation.

Savitri (2016) investigated how the links between tax knowledge, tax socialisation, tax fines, and tax compliance were impacted by service quality mediation. One hundred (100) motorised vehicle taxpayers were polled by the Pekanbaru Samsat office. A questionnaire was used to collect the data. The data was analysed using multiple linear regression. The information showed that the association between taxpayers' awareness and service quality was influenced by tax fines and compliance. On the other hand, service quality does not serve as a mediating factor in the relationship between tax socialisation and taxpayer compliance. This study used a very small sample size and disregarded tax knowledge as a potential mediator.

Yee, Moorthy, and Soon (2017) investigated the relationships among tax justice, tax knowledge, implementation, provider, level, and social interaction and "taxpayers' attitudes about tax morality according to the Malaysian self-assessment system" and "taxpayers' opinions regarding tax evasion." A questionnaire was used to gather and analyse information from 400 taxpayers. According to the research, the most significant element of the tax system

that affects taxpayers' tax morale is tax literacy. Taxpayers' views on tax evasion in Malaysia are additionally influenced by their attitudes toward tax ethics. The results of this study, however, were consistent with those of other earlier studies and Asrinanda (2018) who investigated the influence of tax knowledge, self-assessment, tax awareness and tax compliance among taxpayers in Banda Aceh. The sampling procedure employed a straightforward random sample. Tax compliance was found to be affected by one's tax awareness, self-assessment techniques, and tax knowledge. By increasing tax awareness and fostering a better understanding of paying taxes among the general people, the government must emphasise the value of tax income and increase taxpayer compliance. Saad (2014) and Mas' ud, Abd Manaf and Saad (2019) looked at how well-informed taxpayers felt about taxes and how complicated they viewed the tax system. The most frequent causes of non-compliance were also examined in the investigation. After conducting telephone interviews with 30 individuals, the data was analysed using a theme analysis. The findings of the study indicate that, many are uninformed of the tax system and think it is difficult to understand. Taxpayers' non-compliance is thought to be influenced by their lack of tax literacy and tax complexity. The tax compliance and complexity of small and medium-sized businesses in Bayelsa State were also explored by Eneh et al. (2022) in Nigeria. Three main complexity determinants like tax penalties, the quality of tax services, and tax simplicity were investigated. 228 small and medium-sized businesses that were registered with the Bayelsa State Board of Internal Revenue made up the study's target sample. According to the study's findings, tax quality and service had a greater impact on tax compliance than tax penalties. The research suggests that any bottlenecks and complexity in the tax system should be eliminated to make it simpler for SMEs to voluntarily comply. Additionally, tax penalties ought to be increased, and tax officials ought to make sure that offenders abide by the necessary demands in accordance with the established procedures.

Based on the preceding reviews, it is obvious that none of these studies incorporated tax knowledge as a moderator in their analyses. As a result, this research adds to the body of knowledge by incorporating tax knowledge as a moderating factor in the relationship between equity perception and tax compliance behaviour among SMEs.

3.5 MOTIVATORS OF TAX COMPLIANCE

Many factors, such as demographics, income, compliance costs, tax agents, and moral or ethical concerns, have been found as impacting tax compliance in various studies (Singh, 2003, Abdul et al., 2020). Financial concerns, non-financial considerations, institutional issues, and

psychological traits are the four key categories of factors that impact tax compliance (Kung, 2016). Kirchler (2007) and Loo (2006) described the four categories of economic, institutional, social, and individual elements that affect tax compliance, especially among small businesses, although their research did not directly target the northern region of Ghana. Braithwaite (2003) describe tax promotion as a process used by tax authorities to enlist taxpayer support in fulfilling their legal duties. When defining what determines tax compliance, it is essential to consider a variety of factors, including age, gender, education, income, occupation or status, peer or other taxpayer influence, ethics, legal sanctions, complexity, relationship with the tax authorities, income sources, perceived fairness of the tax system, likelihood of being audited, and tax rate (Jackson & Milliron, 1986 and Know et al., 2017). Jackson and Milliron (1986) and Know et al. (2017) also acknowledge 14 different drivers of tax compliance that have been explored in the literature. At this point, it must be noted that each nation, and an individual, has different reasons for complying or not complying with tax laws. Kuug (2016) looked into the elements influencing SMEs' adherence to Ghana's tax laws. She found that 500 SMEs taxpaying entities from three different regions of the country, along with GRA management and staff, all significantly impacted tax compliance. She also found that tax rates, capital structure, compliance costs, tax audits, and taxpayer morality all significantly impacted tax compliance. Management and staff at GRA advised that organisations and unions might help SMEs to increase voluntary tax compliance. To encourage SMEs to follow the law, Kuug advised governments to work on making the tax systems less complex and expensive.

On the other hand, according to Oppong (2015), who used Kumasi Metropolis as a case study to evaluate vehicle income tax payment in the unregulated sector, majority of respondents said the government did not disclose adequate information about how it used taxpayers' money. Respondents assert that the government fritters away a sizable portion of tax monies for unimportant causes. Additionally, respondents said they did not see the need for paying VAT because of government waste and corruption. To identify the factors influencing tax compliance, Nguyen (2021) surveyed 310 managers, tax accountants, and accountants at SMEs in the province of Hung Yen. For the study, the statistical programme SPSS 20 was used to analyse the survey data. The experimental study's findings demonstrate that a variety of elements, such as the likelihood of a tax inspection, tax rates, tax penalties, the complexity of the tax code, societal norms, and tax expertise, have varying effects on the tax compliance of SMEs in the Vietnamese province of Hung Yen. In a similar vein, Sikayu et al. (2022) looked into how fairness and openness affected SME owners' perceptions of tax evasion. The results

revealed that distributive fairness and distributive fiscal transparency have a strong detrimental impact on attitudes toward tax evasion among SME owners. In contrast, general justice and informational transparency were insignificant. These findings may benefit the tax authority and policymakers in formulating appropriate strategies to curb erosion of income tax revenue from tax evasion. Additionally, using 300 questionnaires, Muslichad and Graha (2018) examined how tax fairness affected tax compliance while also controlling for trust. 65 per cent of the 195 responses were returned. The study's produced hypotheses were put to the test using the partial least squares (PLS) methodology. The findings showed that trust mediates the relationship between tax fairness and tax compliance and that tax fairness has a considerable positive impact on tax compliance. Since qualitative approach was not used in their study, qualitative methodology will be appropriate for further studies.

The discussions indicate that there is no one setting that concentrates on the viewpoint of the current study. In light of this, the current study will broaden all horizons and pay particular attention to these aspects in the Northern region of Ghana, particularly among SMEs.

3.5.1 Institutional motivators of tax compliance

Tax authorities must play a significant role in bridging the tax gap and promoting voluntary compliance to create a taxation system that is effective in terms of tax compliance (Tetteh, 2019). Several institutional characteristics influence taxpayers' tax compliance (Tetteh, 2019, & Gadzo et al., 2019). Musimenta (2020) and Loo (2006) claim that institutional drivers of tax compliance include the objectives of the tax authority, the ease with which taxes are administered and collected, and the danger of detection. The accommodating approach, also known as voluntarism, persuasion, and partnership, has recently drawn attention as an enforcement mechanism for enticing citizens to comply with their tax obligations. This is because many academics began to question the effectiveness of punishments alone in enforcing tax compliance. Due to their commitment to the rule of law and because it serves their long-term interests, state tax authorities favour accommodating regulatory enforcement. Instead of seeing people as rational actors, they see them as social actors (Naporow, 2015).

The flexible strategy encourages regulatory bodies to collaborate and seek assistance through voluntary channels rather than coercing taxpayers.

The accommodating method suggested by Grabosky and Braithwaite (1986) aims to foster cooperation and goodwill between enforcement authorities and those they oversee. Demarest

(2021) discovered that people prefer courteous treatment from those in positions of leadership and think that these people are more deserving of their submission. An increasing number of studies have discovered that taxpayer compliance behaviour improves from procedural fairness, simplicity, and transparency (Murphy 2005). Also, if regulators are prepared to make their procedures simpler and more user-friendly, compliance will likely increase. Tax administration and filing procedures should be streamlined to make it simpler to correctly submit tax returns and boost compliance (McCulloch, Moerenhout & Yang, 2021). Reduced tax return complexity will encourage taxpayers to complete their own returns rather than employing tax specialists, which will cut compliance costs (Silvani and Baer, 1997). A few examples of the various types of tax complexity include technical difficulties, form complexity, structural complexity, compliance complexity, computational complexity, and rules complexity (Tetteh, 2019; Gadzo et al., 2019). Due to complicated tax returns, hazy tax regulations, and the need for legal experience, tax complexity makes it difficult for taxpayers to adhere to the law (Gadzo et al., 2019). Furthermore, because tax rules are constantly evolving, it can be challenging for taxpayers to comprehend and find solutions to their complicated tax issues without the assistance of professional tax experts. Usually, the complexity of tax law leads to inadvertent tax non-compliance (Musimenta, 2020). For taxpayers who truly want to comply with tax regulations, there could be barriers to compliance (Musimenta, 2020). Gambo et al. (2020) also discovered a significant and unfavourable impact of tax complexity on tax compliance. Therefore, simplifying tax law could lead to a reduction in unintentional tax non-compliance (Musimenta, 2020). Tax simplicity, which indicates a reduction in tax complexity, is the main factor enhancing voluntary tax compliance and minimising the costs of tax administration and compliance (Musimenta, 2020). Higher tax compliance would ultimately arise from a tax system with clear, predictable, simple-to-understand, and uniform criteria.

Therefore, the study stated and suggested that institutional components including voluntary tax systems, straightforward filing processes, less cumbersome administrative processes, and early default detection are among the several factors influencing voluntary compliance and hence the need for further studies.

3.5.2 Economic motivators of tax compliance

Economic forces driving compliance help to better explain the vital role of government in preserving citizen tax compliance. Tax rates, tax audits, and how the general public feels about

government expenditure are all significant economic factors that influence tax compliance (Kirchler, 2007 & Loo, 2006). Hasseldine and Li (1999) stated that the government and the tax authorities are the main players in the tax system. To decrease tax evasion, these organisations must develop efficient enforcement and collection methods. The economic deterrence theory contributes to the understanding of tax compliance among SMEs and individual taxpayers.

The cost of conformity (Werekoh, 2022), tax regulations, audits, and the chance of detection are some of the key economic compliance motivations that other research has identified (Damayanti et al., 2021). The deterrence theory states that if an audit is successful and there are penalties for non-compliance, a state may ensure tax compliance. In other words, the most important thing is for a government to have a functioning economic tax system. Even more, studies claim that severe tax sanctions and fines increase tax evasion (Kirchler, Hoelzl & Wahl, 2008). In essence, Alm, Jackson, and McKee's (1992) findings that fines do not affect tax compliance are supported by other research works. Effectively, stringent methods, such as audits and tax rates, to enforce compliance, may encourage people to complete their tax forms more carefully, track all of their income, and make the appropriate deductions to establish their tax burden. Those who anticipate an audit, however, can be inclined to make bogus deductions and underreport their true income. Research has shown that tax audits can transform negative compliance behaviour into good ones (Butler, 1993; Wei et al., 2021). While lowering tax rates may not always result in more tax compliance, raising tax rates is likely to encourage people to avoid taxes (Ali, Cecil, & Knoblett, 2001; Torgler, 2007).

Again, taxpayers' perceptions of how tax money is spent and used affect how they behave in terms of paying their fair share of taxes. Greed, financial difficulty, government waste, a low likelihood of being caught, and a desire to circumvent the system (Dean, Keenan & Kenney, 1980) are the main causes of tax non-compliance, particularly among sole-management businesses. Non-compliance is justified by the general populace. The rich and renowned, in the opinion of the regular people, cheat the government by abusing the money they obtain from tax payments. Others consider it morally acceptable to avoid paying taxes, especially when tax money has been used in an immoral or illegal manner (Dean et al., 1980). Therefore, it is suggested in this study that factors such as tax rates, tax audit procedures, and citizens' opinions of government expenditure have an impact on whether taxpayers should pay their taxes or not.

3.5.3 Individual motivators of tax compliance

There accumulation of evidence that suggests that taxpayers' beliefs and ethics have a substantial impact on their intentions regarding tax compliance (Noor and Abd Razak, 2019). Personal financial constraints, knowledge of crimes, and fines were classified by Kirchler (2007) and Loo (2006) as the elements that affect tax compliance. Mustapha et al. (2021) stated that Hong Kong taxpayers have a lower degree of compliance as a result of their less favourable views towards the tax system. Internal business and operating systems of the taxpayers are crucial for a successful tax compliance system. Among the most crucial aspects of managing a successful business is keeping proper records, which is necessary for all corporate operations. Records routinely offer commentary on the efficiency and profitability of operations. Sawyer et al. (2021) assert that accurate reporting of revenue and expenses in corporate tax filings results from maintaining accurate records. For businesses to comply with tax regulations, keeping correct records is essential. Taxpayers must maintain all records essential for calculating their assessable and taxable income, and records attesting to their claimed deductions. Most tax regulations carry fines or jail time for failing to maintain records following the rules. In actuality, if a company keeps reliable records, it is likely that when the records are presented to the tax agency at the end of the year, it will have all the information needed to properly complete the tax return. If precise records are not kept, there are several negative effects on individual taxpayers, including the time and other resources used by accountants to produce inaccurate tax returns for those taxpayers (Naporow, 2015). Most tax rules make taxpayers responsible for a fine or a criminal sentence if they violate the recordkeeping requirements.

3.5.4 Social Motivators of Tax Compliance

The practical difficulties that tax authorities are confronted with in making sure that every taxpayer gets examined and audited are undeniable. Studies have demonstrated that a variety of social factors influence taxpayers' tax compliance. Kirchler (2007) and Tan et al. (2021) identified societal elements including ethics, mentality, tax equality, and justice of the taxpayer and changes in the government's existing policies. These basic drivers of tax enforcement are critical for enhancing taxpayers' enforcement. There are, in any case, other social forces found, such as the political and religious principles and ethics of taxpayers and collectors, tax system equities and other influences (Keen, 2014), cultural differences (Benk, Budapest & Cakamak, 2012), and tax system equity (Murphy, 2014). Taxation authorities must concentrate on

developing networks to create a collective awareness and attitudes toward tax enforcement (Pashev, 2015). Tax non-compliance issues cannot be solely addressed by the tax authorities. Therefore, they will need the community's involvement in their decision-making on tax enforcement. Creating community relationships will form part of the activities of the tax authority. As Owens and Hamilton (2014) suggest, the participation of third parties is necessary for fiscal authorities to encourage voluntary enforcement, as resources constrain tax agencies effectively. Third-party support is critical to the discovery and assessment of behaviour failure.

Tax officials can enhance coordination and mitigate conflict by assisting interest and reference groups in the regulatory process. Information, interpretation and viewpoints that may have otherwise not been informed by tax authorities can be given by interest groups (Braithwaite 2013). Tax authorities, for example, should be aware of obvious problems and regulatory vulnerabilities. That information could notify tax authorities of the various policy options available. Third parties will critically contribute to informed decision-making, modifying their mindset by providing facts at the consultative forum. As Braithwaite (2013) pointed out, establishing strategies to help taxpayers understand the motivations of the tax authorities will boost taxpayers' knowledge and equip them to respond to the diverse taxpayers' requirements. Conformity with taxpayers cannot be gained coercively but by conversation and understanding in collaboration (Aryes & Braithwaite 2012). The next sections discuss specific social factors that affect tax compliance behaviour among SMEs.

3.5.4.1 Taxpayer Education and Tax Compliance

The link between education and full compliance with taxes is positive (Kassipillai, 2010; Salihu & Kawi, 2021). Training for taxpayers would provide them with the tax awareness needed to address tax concerns and improve tax enforcement perceptions and attitudes by generating additional favourable perceptions. It was supported by a study of the University of Malaysia undergraduate students. To check compliance attitudes and research taxation topics before beginning the semester with questionnaires, the students were interviewed, and their responses were all documented. Also, at the end of the term, after the acquisition of tax information, a further collection of questionnaires was issued for testing compliance attitudes. The statistical results supported the statistically significant positive correlation between the levels of taxpayers' education and the rates of voluntary tax enforcement. Noor and Abd Razak (2019) carried out a study to evaluate how increased tax awareness and tax attitudes influence

taxpayers' enforcement behaviour. Since gaining the tax information, the study of the taxpayers' enforcement actions was not substantially related to the conduct of tax compliance.

Research on the understanding of justice, trust and tax enforcement in Malaysia was conducted by Faizal, Palil, Maelah and Ramli (2017). The study aimed to investigate the effect of tax enforcement behaviour on tax education and understanding. The analysis of the data collected with questionnaires compared taxpayers' compliance behaviour to significant tax education and tax-free ones. Statistical results supported a higher degree of compliance than those with tax education. Studies have shown that the degree of tax education and tax enforcement are strongly related. In 2004, the official tax assessment was moved to the self-evaluation system in Malaysia. To determine the accuracy of the returns and payments, the taxpayer had to assess his tax liability and pay taxes to the revenue authority. Subsequently, the revenue authority conducted an audit. The programme calls for strong tax enforcement voluntarily. The interrogators report that the increased rates of fiscal education raise the level of voluntary tax compliance with the questionnaires provided to taxpayers and tax officers. The statistical results suggest that the rates of tax education and voluntary taxation enforcement are substantially interrelated.

Christina, Deborah and Gray (2013) carried out research in the United States of America to identify the economic and behavioural factors that influence tax enforcement. The study's goal was to determine the economic and behavioural factors that affect taxpayer enforcement in the tax amnesty programme of Arkansas City. Arkansas City has implemented an amnesty programme that waives penalties and fines to non-compliant merchants as far as they are ready to pay and do pay tax liabilities. One of the interviewees described reasons that led him to not pay his taxes due within the prescribed timeframe and failed to claim that the correct taxable income is a complication of tax laws. A substantial part of the inability to follow taxation laws and negligence was unintended since most taxpayers did not understand their tax responsibilities or obligations. The results confirmed that the knowledge of taxation issues and voluntary tax compliance were significantly positive. In his research on drivers of tax compliance among self-employed people in Ghana in 2018, Mbilla, Gatsi, Arhin and Ayimpoya (2018) suggested that public opinion, civic leaders and religious leaders should work with the government to communicate and educate the public on the importance of timely and accurate tax returns.

3.5.4.2 Ethics and attitudes towards tax compliance

In a tax system that mainly relies on voluntary compliance, the ethical standards of the taxpayers are essential (e.g., SAS). The following topics are addressed in Song and Yarbrough's (2017) study on taxation ethics: 1) How high or low the taxpayer's level has been; and 2) What are the tax ethics factors? In a university town in eastern North Carolina, the poll was conducted among over 11,000 students, 600 teachers, and related university personnel and families. The study showed one significant feature that seems to demonstrate, from the conservative, rural nature of other North Carolina regions, that university-environment residents place a stronger focus on these types of demographics and national educational patterns. It is impossible to use the chosen city as a proxy for North Carolina's overall population. The researchers state that the findings will generally show "indications of taxpayers' knowledge, attitudes, and expectations in general" even though the study region (the university town) does not represent the entire population of the US and thus even in the USA, no generalisation can take place there (Song & Yarbrough, 2017). Due to the peculiar way that the American tax system functions, Song and Yarbrough have also stated that the desire to comply at a particular moment and location is determined by morality, the legal environment, and other contextual considerations (which primarily rely on self-assessment and voluntary observance). Song and Yarbrough (2017) also claimed that the average taxpayer has an ethical score of 60.3, a taxation ethics level of 100, and a 21 per cent negative score. They were concerned that tax ethics may have gravely endangered society's moral character and viability. The paper also noted that future degradation in tax ethics may be brought on by higher fiscal pressures if the tax code is not made simpler and more equitable. Ethics is a subjective approach, and people's understanding of actions has a significant impact on how they behave ethically (Naslia, Mursalim & Suun, 2021). Theories on tax psychology were first introduced by Fishbein and Ajzen (1975) and Ajzen (1991), who used the theory of reasoned action (TRA) and the theory of anticipated behaviour (TPB) to forecast people's actions. Ethics are meant to inspire people to behave morally, thus it makes less sense to have a taxpayer who views tax evasion negatively (Kirchler et al. 2016). According to surveys conducted in Germany (Schmolders, 2014), about half of the participants engaged in tax avoidance. But only a third of respondents considered tax evaders to be criminals. Ethics and tax compliance have a considerable (though tenuous) link (Orviska & Hudson, 2002; Aregawi, Patnaik & Satpathy, 2021; and Jusoh, Mansor, Abd Razak & Noor, 2021). Weigel, Helsing, and Elffers (1987) have previously discovered that ethics, attitudes, and moral views have impacted tax compliance following their psychological theories. It is

obvious that diverse financial attitudes, such as tax ethics and the fairness of taxation, influence the propensity for tax evasion (Jackson & Milliron 2016). Therefore, it is vital to learn more about how these roles are impacted. Two essential taxpayer enforcement factors, namely financial and moral interest, were developed by Roth et al. (1989) and Ramirez-Zamudio, López-Pérez, and Abanto-Aranda (2021). People abide by the tax laws since doing so lowers their tax liabilities, and they feel it is their moral obligation to do so, which is advantageous to them financially. According to Roth et al. (1989), the relationship between moral commitment and compliance behaviour is consistently positive, tends to be theoretical rather than motivated by monetary gain, and has a favourable influence on enforcement behaviour. The best predictor of a person's behaviour, according to Ajzen and Fishbein (1980), is ethics. However, they contended that the relationship may be hampered by the passage of time, unforeseen circumstances, or new information. On the other hand, beliefs about fiscal authority and ethics are equally important because they frequently depend on how the public perceives how the government spends the money it has raised (Kirchler et al., 2016).

3.5.4.3 Opinion Leaders

Opinion leaders are defined as those who have earned a reputation for being decision-makers in a particular field (Dabor, Kifordu and Abubakar, 2021). Opinion leaders are public personalities who are respected and looked up to by their followers or a group of people in their community (Hassan, Naeem and Gulzar, 2021). Because of the level of respect and power that opinion leaders command, using them in a campaign to raise public awareness of taxes has become essential. To inform and educate society's members (citizens) about the significance of timely and accurate tax return filing, chiefs, opinion leaders, and social and religious leaders must collaborate with the government (Mbilla et al., 2018). Festivals and social gatherings can serve as forums for social responsibility campaigns, and for informational and educational purposes, based on the discoveries that social variables significantly influence tax compliance among SMEs in Ghana. Damayanti and Supramono (2019) pointed out that, having female top managers has an impact on tax compliance. Because they perceive a bigger risk of not complying with tax legislation, female top managers show stronger tax compliance than male top managers under these compliance settings. The study of Dabor, Kifordu, and Abubakar (2021) suggested that tax authorities and religious leaders collaborate to teach the faithful about topics from the holy book and the seriousness of tax evasion from God's perspective. Hassan, Naeem, and Gulzar's (2021) study indicates that tax officials might, for instance, disseminate information on compliance procedures through educational initiatives, media campaigns, or

collaboration with influential groups like the chamber of business. According to Kumshe, Zanna, and Anaso (2017), it is essential to focus on the attitudes of both individual taxpayers and significant individuals (family, friends, co-workers, and opinion leaders, highly visible, respected persons) whose influence are crucial for promoting taxpayer compliance.

The role and influence of opinion leaders are based on various factors. Ullah, Amir, and Attaullah (2011) investigated the function of opinion leaders in the wine industry and discovered that influencers tend to be ardent wine drinkers and that their ability to persuade others is largely dependent on their technical expertise. With this study in mind, it can be said that taxation can be used to persuade other taxpayers to raise taxes by using large taxpayers as a leverage point. Appropriately using opinion leaders to educate people about the benefits of tax-paying and the duties of law-abiding citizens may help tax collections.

3.5.4.4 Trust in Government as a Social Factor

The public's perception of the vast array of public goods and services that the government provides is an indication of how much faith they have in the performance of the government. The degree of trust is dependent upon how equitably the government uses the funds provided by the populace (Adekoya et al., 2022). In this world, trust is the most expensive commodity. Although it may take months or years to build, it may be lost quickly and easily in a fraction of a second. When citizens believe that the government and its institutions are caring, devoid of corruption, and govern for the welfare of the people, trust evolves into a moral imperative to willingly pay taxes (Mas'ud et al. 2019). Gangl, Hofmann, and Kirchler (2015) stated that trust is necessary for social interaction since it entails a person's willingness to take a risk. In addition, Nunkoo (2015) identified decision-making capacity, effective legitimacy, competent governance, and political sustainability as components of trust in the government. Furthermore, Byaro and Kinyondo (2020) contended that encouraging cooperation between tax collectors and taxpayers requires establishing trust in the government. Due to the synergistic environment, both tax authorities and taxpayers will assume that tax payments are voluntary, and that tax money is being used by the government to their advantage.

Individual taxpayers will refuse to pay taxes when the government's integrity is questioned (Adekoya et al., 2022), which leads to a high rate of tax non-compliance. Therefore, trust plays a crucial role in tax compliance behaviour and serves as a driving force behind tax payments. Ortega et al. (2019) also indicate that places, where taxpayers believe their governments are responsive, transparent, and effective at delivering public goods, will see higher levels of tax

compliance. However, if taxpayers' mistrust of tax collection grows alarming, they may have a different perspective and believe that their hard-earned money should not be paid as taxes to the government. Isbell (2017) argues that one reason why people distrust the government is that there are not enough public goods and services. However, with a fair, open, and reliable government, people will be eager to abide by the pertinent tax laws and regulations. This will increase the rate of tax compliance and reduce the cost of tax collection associated with audit and enforcement while also promoting high levels of tax compliance. Trust can be social, reciprocal, or fiduciary, according to Bani-Khalid et al. (2022). Fiduciary trust is a concept referred to as an "asymmetric connection". On the other hand, a mutual trust is a form that develops through time and via repeated encounters between or among individuals. Regarding institutions and their interactions with the public, social trust grew. Trust was separated into two categories (Palil & Faizal, 2017): social trust and political trust. Social trust is how the public considers the social activities of their immediate surroundings, whereas political trust is how the public views the actions of the government and its institutions. Effective governance, which is linked to accountability, transparency, anti-corruption measures, and the rule of law, is the source of political trust. Political trust encompasses confidence in institutions and the overall economy, whereas social trust includes confidence in others and civic engagement. Additionally, it has been stated that increased interpersonal trust will result in higher tax compliance and government support (Habibov et al., 2017). Susuawu, Ofori-Boateng, and Amoh (2020) revealed that taxpayers' trust in the government is a result of good governance, whereas Braithwaite (2019) found that taxpayers' perception of the government's obligations to manage tax revenues in an honest, dependable, and truthful manner influences their perception of those obligations. Trust and effective governance are the roots of a good tax system. According to the principles of good governance, the government must be transparent, forward-thinking, reliable, accountable, and responsive in all business interactions. To achieve the targeted goals and targets aimed at the interest, welfare, and prosperity of the citizens, government resources must be used efficiently and effectively (Sitardja & Dwimulyani, 2016). Transparent administration, top-notch services, and a community devoid of corruption are all necessary for building trust. Transparency in taxation is one of the challenges since it promotes tax evasion and non-compliance when citizens have little faith in the government and the tax system (Kiow et al., 2017). For the public to use government information for decision-making, it must be clear and available to the public (Adekoya & Akintoye, 2019). Adekoya and Akintoye (2019) assert that trust and transparency are closely related. More information on tax

transparency is required by today's taxpayers, which fosters trust between individuals and the government. Additionally, tax fraud and evasion are encouraged by an environment with high levels of corruption.

Corruption encompassed dishonest activities such as extortion, fraud, bribery, and the theft of tax money. Corruption is the use of authority and positions of trust for one's own benefit. A person or group with authority may engage in this form of dishonesty and deception to achieve their own agenda (Adekoya & Enyi, 2020). According to Aloko and Abdullahi (2018), corruption is a polarising factor that promotes poverty, ignites violent conflict, and harms the welfare of the public. All aspects of human activity are impacted by corruption, which is a pervasive and historical phenomenon that cuts across all ideologies, political eras, economic sectors, and governmental institutions. Mohammed and Saad (2016) claim that the quality of tax services has a big impact on the taxpayer and compliance. The degree of excellence, which can be either subjective or objective, is how the quality of service is defined. Customers' experiences with the services they receive are subjective (Ali Al-Ttaffi & Abdul-Jabbar, 2018). The level of individual taxpayers' expectations from the tax authority or government service and the quality of the tax service obtained is used to determine the quality of the tax service.

Additionally, rather than how far it falls short of particular taxpayer expectations, the quality of tax service will be assessed based on how well it meets those expectations. Saruji, Mohdali, and Mohamed (2019) made the case that a high level of trust in the government and tax authority will increase the rate of tax compliance, whereas a low level of trust in the government may lead to citizens who are unwilling to pay taxes voluntarily, and an increase in tax evasion, disobedience, crises, and chaos. The current study will look at how SMEs' perceptions impact how much they trust the government in this environment.

3.5.4.5 Media as a Social Factor of Tax Compliance

The media is creeping its way into every place and thus, the media can be very helpful in educating and creating awareness in the people of the area to influence their tax compliance. Advertisements for tax education are frequently seen in newspapers, books, billboards, and television, or broadcast on these platforms to reach nearly everyone in the region. The investigation by Mwangi (2021) further demonstrated that social media has a favourable influence and impact on tax compliance ($\beta=0.668$, $p=0.000$). This means that increasing social media literacy by just one unit would result in a 0.668-unit improvement in tax compliance. Social media literacy is a significant predictor of tax compliance, as predicted by the F statistic

of 8.407 and a P value of 0.000500. Additionally, the R square of 0.381 suggests that social media education alone accounted for 38% of all differences in tax compliance among merchants of motor vehicle spare parts.

Matthias, Christoph, and Erich (2017) argued that social networks might be a very influential media that could potentially be used in the sector because digitisation is becoming a crucial trend in modern business. The social recognition campaign was even more successful in encouraging larger tax payments than the public disclosure effort (Slemrod et al., 2018).

Koumpias and Martinez (2019) examined how media campaigns affect people's attitudes regarding paying taxes. The study specifically looked at the Federal Board of Revenue (FBR) of Pakistan's use of TV and national newspaper ads to raise knowledge, tax filing, and eventually tax morale. The FBR shortly after these media initiatives in 2014 collected survey data. The authors discovered that respondents who were exposed to TV and newspaper commercials had better perceptions of tax compliance. Unexpectedly, newspaper ads were more successful, demonstrating the value of selecting the right media outlet. The media has a significant impact on tax amnesty participation, as demonstrated by Garz and Pagels (2018). In addition to paying attention to tax havens, data leaks, or court rulings, policymakers that are interested in maximising income from tax amnesty programmes may also wish to take into account news coverage on celebrities with tax problems. The results show that how the government, courts, and media handle well-known tax evaders can have a significant impact on how other taxpayers behave.

3.5.4.6 Fairness and Tax Compliance

Tax fairness is an idealised concept that captures how taxpayers view an equitable and justified tax burden (Nandal et al., 2021). The equity theory of motivation put forth by Stacey Adam in 1963 has been frequently employed by scholars in the field of taxation to analyse the effects of taxpayers' perceptions of the fairness of any tax structure on their compliance behaviour. This idea is founded on the finding that an individual's motivation is positively correlated with his opinions on the management's practice of equality, fairness, and justice. Equity theory states that to keep someone motivated to perform at a certain level, rewards for performance must be fair, justified, and comparable to those given to people who are attaining the same level of performance (Lăzăroiu, 2015). With the same methodology, research has shown that when taxpayers perceive horizontal and exchange imbalances in any tax structure, they underreport their income (Nandal et al., 2021). When taxpayers believe they are not being treated fairly in

comparison to other taxpayers who have similar levels of income, expenses, etc., there is horizontal inequality. While exchange inequity occurs when taxpayers believe their interactions with the government are unfair and believe they must pay more taxes in exchange for the advantages of receiving public goods or services. Additionally, Habibov et al. (2017) noted that taxpayers underreport income when they believe they are receiving unequal treatment from changes in tax rates, but do not alter their behaviour if they believe they are receiving equal treatment. Tax compliance is less likely at the social level if the perception is found to be unfair; broad-based tax evasion is probably occurring (Allingham & Sandmo, 2012). In comparison, voluntary compliance is expected to increase, as society feels that the tax system is fair and equal. To ensure that everyone benefits from their tax duties as necessary, governments must ensure that tax revenues are used effectively and that the nation's wealth is dispersed evenly (Mbilla et al. 2018). Spicer and Becker (2013) have looked into the relationship between tax evasion and economic injustice. In a study conducted by 57 University of Colorado students utilising a tax return simulation, high-income groups saw a disproportionately greater number of tax evasion occurrences compared to the other categories (low-tax and mid-tax). Among the factors include age, income, gender-based tax resistance and the relative tax rates that are collected. They also indicated that tax avoidance rises as taxpayers are aware of increased fiscal inequity (equity) because they believe that the income allocation imbalances impact them. However, what kinds of inequity can affect evasion are still uncertain and contentious, based on prior research results. The perceived fairness of the tax system often influences the propensity for evasion (Jackson & Milliron, 2016).

3.5.4.7 Culture and taxpayers' compliance

Album and Al. (2013) investigated how enforcement measures influence the behaviour of Hong Kong taxpayers. Their survey confirmed the empirical correlation between moral conviction and enforcement by taxpayers (Hanno & Violette, 2016); at the same time, all major constructions in Fischer were modelled and evaluated.

While the USA utilises progressive tax systems, periodic deductions, no mandatory provisional tax, a capital gains tax, and a self-evaluation method, Hong Kong uses a proportionate taxation system. Hong Kong also lacks periodic deductions and a self-evaluation mechanism. Both nations also struggle greatly with taxpayer non-compliance. The findings of Album and Al. (2013) imply that the Fischer Model is a workable conceptual framework for tax enforcement.

However, it showed that the Fisher model might be more significant, realistic, and dependable if a cultural structure were added (Shen, Zhu, Li, & Wang, 2021).

Richardson (2011) examined the relationship between society and tax evasion across 47 countries including the USA, UK, Argentina, Japan, and Malaysia. In terms of cultural aspects, a distance of influence (PD), individualism (IDV), avoidance of uncertainty (UA), and masculinity (MAS) are identified (Based on Hofstede, 1980). This was intended to investigate, using different mechanisms for tax evasion, the relationship between the cultural aspects of Hofstede (1980) and tax evasion across countries. Richardson concluded that evasion across countries had a significant effect on uncertainty (UA) and individualism (IDV) which resulted in greater evasion rates across countries, and a lower level of individualism.

The relationship between social norms and intention to pay taxes was examined by Bobek, Roberts, and Sweeney (2017) in Singapore, Australia, and the United States of America. The study's findings show that the influence of culture is beyond social norms. While social standards are closely linked to the purpose to accept taxes and clarify disparities between countries, the degree of standards between the three countries varies. In Singapore, Australia and the USA, the mixture of personal norms and social norms is the largest. Kirchler (2007) claimed that social norms affect the enforcement of taxpayers by their community.

However, the findings of Torgler and Schneider (2007) indicate that culture affects tax enforcement. Their research investigated the impact of culture on tax ethics in Switzerland, Belgium and Spain. While these countries are all European, they have distinct cultures.

The findings of Torgler and Schneider (2007) show that culture and national identity have an effect on financial ethics in line with tax laws. The influence of tax compliance on cultures between respondents in the UK and Italy was compared by Lewis, Carrera, Cullis and Jones (2017). The study shows that respondents from Italy are declaring that they are more likely to detect, tax when it is framed as a profit. Tsakumis, Curatola and Porcano (2017) explored the impact of national cultural heritage and tax avoidance in 50 countries in Hofstede's (1980) cultural dimensions. The findings of the analysis show that countries that practice low individualism, and low masculinity are extremely uncertain.

In another recent study, the impact of the national culture on the corporate tax avoidance of 3,000 corporations in 31 countries was analysed by Bame-Aldred, Cullen, Martin and Parboteeah (2013) cited by Ciziceno & Pizzuto (2022). They found that the collectivist culture

is less likely to avoid taxation. The definition of culture is complicating because it can be directly or indirectly used (Matsumoto, 2017), but the previous studies on tax enforcement discussed in this paper show that culture is an essential element to be used in tax compliance studies. On the other hand, an individualistic culture means that it is more likely for such acts to be performed to benefit individuals.

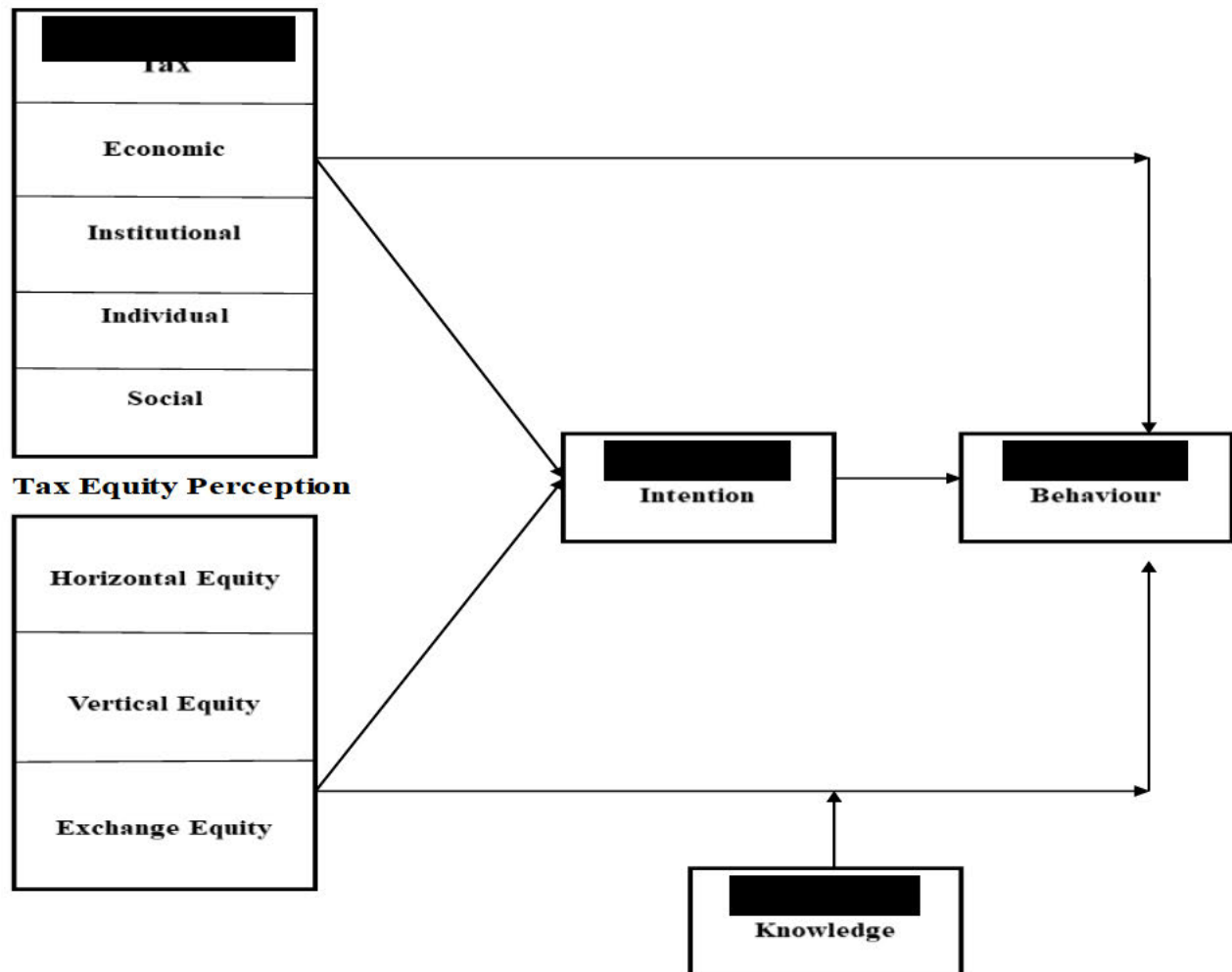
3.6 IMPLICATION AND LESSONS FROM THE EMPIRICAL LITERATURE REVIEW

After a thorough review of the empirical literature, some research works have revealed a limited understanding of how people's beliefs in tax equality can affect their intention to disobey the law. Venancio et al. (2020) argued that understanding tax equity perceptions varies among taxpayers and countries due to jurisdictional differences, tax system differences, traditions, culture, values, norms and perceived behavioural controls. Several studies such as Efebera et al. (2004), Byram et al. (2017), Abdul et al. (2020), Farrar et al. (2020), Jimenez & Lyer, (2016) and Margaretha et al. (2020) all misconstrued conceptualised tax equity and tax fairness to mean the same concept and tax compliance behaviour and compliance intention to mean the same phenomenon by arguing that, the more the compliance intention, the greater the predictability of compliance behaviour. This argument was supported by the planned behaviour theory that seeks to suggest that behaviour is almost the same as intention. This, therefore, contradicts the economic theory of crime and the economic deterrence theory of punitive measures and penalties that postulate that taxpayers are rational beings and will always compare the benefits of evading taxes against the cost of penalties and fines. If the benefits exceed the cost of penalties and fines, compliance intention would be high, but compliance behaviour is low. Therefore, the argument that the more the compliance intention, the greater the predictability of compliance behaviour is not true and hence needs further exploration for better understanding.

3.7 CONCEPTUAL FRAMEWORK

This section presents the given map of how the variables of interest relate themselves as guided by (Efebera et al., 2004 & Abdul et al. 2020). The author constructed this framework based on the study's objectives. The framework demonstrates that, the nexus between tax equity perception and taxpayer's compliance behaviour is being influenced by tax compliance intention, tax knowledge and other motivators such as (economic, institutional, individual and social). That is, taxpayers equity perception does not influence tax compliance behaviour in

isolation, but it depends on other factors such as tax compliance intention as a mediator and tax knowledge also serving as moderating variables as illustrated in figure 1 below.



Source: Author's Construct

Tax equity perception (vertical, horizontal and exchange), tax compliance intention and tax compliance behaviour indicators were adopted from Abdul et al., (2020), Margaretha et al., (2020), Azemi et al., (2020), Farrar et al., (2020) and Efebera et al. (2004). Again, based on Abdul et al., (2020), Asrinanda (2018), Wardan (2017), Atawodi et al. (2012), Loo et al. (2009) and Fourie (2006), the author came out with the indicators for tax knowledge. Figure 1 above shows that equity perception affects tax compliance behaviour through tax compliance intention. It again indicates that tax knowledge moderates the relationship between equity perception and the dependent variable.

3.8 SUMMARY OF GAPS IN LITERATURE

3.8.1 Variable/Conceptual Gaps

After a thorough review of the literature from outside and within Ghana, it is worth noting that most of these studies on tax equity were conducted in a different setting outside Ghana. Despite the few studies in Ghana, these studies only concentrate on determinants of tax compliance, taxation buoyancy, revenue mobilisation and taxation systems (Andoh, 2019, Andoh, 2017). Some studies have shown a limited understanding of tax equity perceptions and how this can restrict people's intentions not to comply. In particular, most previous researchers did not focus on the mediation and moderation effects of compliance intentions on tax equity perceptions and behaviour. A better understanding of tax equity perceptions, compliance intentions, taxpayer knowledge and behaviour will facilitate the formulation of efficient tax policies.

3.8.2 Methodological Gaps

First, some previous studies (Mahangila, 2017; Elen and Wehyo, 2014; and Elisa, Tjondro, Kezia, and Nathasa, 2019) that conducted their research using a Quasi-Experimental study design with very small sample size to investigate the link between tax equity perceptions and compliance behaviour and the mediating and moderating effect of both compliance intentions and taxpayer's knowledge respectively on compliance behaviour and tax equity perceptions. Majority of these studies used only purposive sampling techniques in selecting their sample size which has been widely criticised, since it does not give participants an equal chance to be selected. This current study uses the survey method as a study design with a large sample size of 395 SMEs using a multi-stage sampling involving both probability and non-probability sampling techniques as recommended by Singh and Masuku (2014). Moreover, most previous studies presented unclear and mixed results, which could be best explained by the methodologies they adopted.

3.8.3 Theoretical Gaps

Theoretically, the link between tax equity perceptions, tax knowledge, compliance intention, and compliance behaviour are argued by previous researchers to be endogenous and has a reverse causality. It has influenced some of the inconsistent findings since some studies did not consider this reverse causality issue.

This will be dealt with by this study's use of the smart-PLS structural equation modelling technique, which can account for all endogeneity issues in structural path modelling predictions.

Second, this thesis will build upon earlier research by examining additional facets of the framework for tax compliance, such as perceptions of tax equity, taxpayer knowledge, compliance intention, and compliance behaviour.

3.8 CONCLUSION

Perception of tax equity among SMEs in Ghana has been examined in this work. A systematic literature review on the three dimensions of Tax Equity (vertical, horizontal and exchange) was examined. Empirical literature was reviewed on Compliance Intention and Tax Knowledge representing the mediating and moderating variables, respectively. Also, the last objective of this study on other motivators of tax compliance was looked at in this chapter. The tax system (percentage of tax) paid in Ghana has also been compared with that of other countries. Findings from the literature imply that the tax percentage collected in Ghana is higher than that in many African countries. In effect, the tax system in Ghana does not favour an increase in employment, unlike that practised in the United States. In Ghana, taxes are paid by every working-class individual irrespective of low-income or high-income earner, unlike in America, where the high-income class are expected to shield the burden of the whole population. Also, the average Ghanaian feels obliged to pay taxes due to the benefits derived from tax payments (presently, in Ghana, taxpayers fund the free senior high school education system). It can therefore be concluded that SMEs in Ghana perceive tax equity as a good civic right. For further studies, the perception of tax equity in various countries can be conducted to bridge the gap in the literature, considering that limited studies exist on the phenomenon.

The next chapter discusses the methodologies underpinning the study on tax equity perception, compliance intention and compliance behaviour among SMEs in Ghana.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

This section will provide insight into data processes and how the entire procedure will guide the research. The section will focus on a philosophical foundation, approach, design, population, sampling, data collection and data analysis.

4.2 PHILOSOPHICAL FOUNDATION

A paradigm, which is also known as worldview, epistemology and ontologies, is a fundamental set of beliefs that direct action (Mason, Augustyn, & Seakhoa-King, 2022). There are numerous study paradigms in social science, such as constructivism, feminism, positivism, critical theory, and pragmatism (Moahi, 2022). The three most popular paradigms among them are constructivism, pragmatism, and positivism (Khatri, 2020). Each of these paradigms has its own conception of reality and body of knowledge, which influences the methodological decisions that are made (Patten & Newhart, 2017). As a result, each paradigm has its own philosophical tenets for what constitutes truth (i.e., ontology), how to understand reality (i.e., epistemology), and the most effective approach for investigating reality (i.e., methodology). The ontological tenet of positivism holds that there is just one immediately observable reality out there (Al-Ababneh, 2020). Because of this, positivist epistemology is based on value-free inquiry (Mason, Augustyn, & Seakhoa-King, 2022). Thus, positivists advocate driving out values from research from an epistemological perspective, and they advocate using a quantitative methodology to accomplish value-free research (Patten & Newhart, 2017). The study's stated objectives cannot be met by relying solely on the positivist paradigm. The interpretative paradigm belongs to the subjectivist epistemology and is associated with the realism school of thought. As per interpretive researchers, people are capable of producing their own knowledge. Objectivist epistemology is also rejected by interpretive researchers, who contend that knowledge is not discovered through scientific phenomena (Held, 2020). To accomplish the stated goals of the study, it will not be appropriate to just rely on the assumptions of the interpretative paradigm.

This study chooses the pragmatist paradigm because pragmatic assumptions combine positivist and interpretative epistemology and ontological knowledge. The positivists' paradigm alone

will not be appropriate for accomplishing the stated objectives of the study. Due to its preference for mixed-methods research, pragmatic thinking guarantees that the contextual realities of the subjects are taken into account in ways that enable comparison and contrast of situations (Davies & Fisher, 2018; Held, 2020). The philosophical foundation of the study will be based on a pragmatist paradigm assumption on how knowledge is gained and the methodology choices that will guide the study.

The researcher chose a pragmatist paradigm because of the need for an in-depth assessment of tax equity perceptions, compliance intentions and compliance behaviour among SMEs in Ghana. This could aid in discovering the difference between the use of a scientific approach and an individual's own natural environment.

4.3 RESEARCH APPROACH

In research, quantitative and qualitative approaches are typically used, however, blended methods may also be used. Quantitative methods enable objective, numerical analysis and identifying generalisation (Creswell & Creswell, 2017). Studies that focus on naturally occurring events and situations are known as qualitative research. This study will lend itself to both methods (Creswell & Creswell, 2017) for a better understanding and triangulation of the issues. Triangulation is the process of studying the same phenomenon using a variety of ways, typically qualitative and quantitative techniques, to increase study credibility. This means that triangulation is the study of the same event using two or more methodological techniques, theoretical viewpoints, data sources, investigators, and analytical procedures. This study will employ methodological triangulation in trying to understand complex phenomena such as tax equity and tax compliance (Creswell et al. 2018). The term "methodological triangulation" refers to the use of more than one research method to measure the same topic of interest, such as focus groups and surveys. The understanding that using only one research method can lead to data-set bias or investigator survey bias serves as the main justification for triangulation. The need to address difficulties of bias and validity has been a recurring issue in talks of triangulation, according to Ashatu (2009). It has been suggested that the flaws of any single strategy can be solved by combining them with others and thereby maximising their respective strengths. Methodological/instrument bias, data bias, and investigator bias are all examples of potential biases. When only one method is utilised, like closed-ended questions, the information is limited to the answers to those questions and, more specifically, the categories

that are provided. Other, maybe more essential, categories that are not included will not be discovered, and the results will be skewed toward the predetermined categories.

4.4 RESEARCH DESIGN

Research design means the methods that will guide the researcher throughout the study, from data collection, analyses and interpretation (Dawson, 2019). The researcher utilises a descriptive survey design for the quantitative phase and a focus group interview guide for the qualitative phase because the study is an explanatory sequential mixed-method approach. In this study, the researcher will employ an explanatory sequential mixed method strategy. Since the research "seeks to collect and analyse both quantitative and qualitative data simultaneously and seeks to gather complementary distinctly different data on the topic which can then be integrated for analysis and interpretation" (Dawadi, Shrestha, & Giri, 2021, p 27), the explanatory sequential mixed method approach is suitable for this study. With this approach, the weakness of one approach will be complemented by the strength of the other. Specifically, the quantitative data will provide numeric descriptions that will seek to generalise the results, while the qualitative data will provide an in-depth assessment of participants' natural environment, how they perceived the tax system and how it can influence their compliance behaviour. It must be stated clearly that the results of the qualitative face are to complement the quantitative results.

4.4.1 Appropriate Method to be Selected for this study

There is no one-size-fits-all approach to data collection that is always applicable to similar sorts of studies. The type of study, the data to be collected, and the goals of the study all affect which method is ideal. The research approach is determined by the type of research question (Held, 2020). The main objective of this study is to increase understanding of Ghanaian SMEs' perceptions of tax equity and the regulatory frameworks governing tax compliance. The researcher solicits information from one fundamental respondent group, namely SMEs.

As a result, the Explanatory Sequential Mixed Method design (Quan – qual) was used in this investigation.

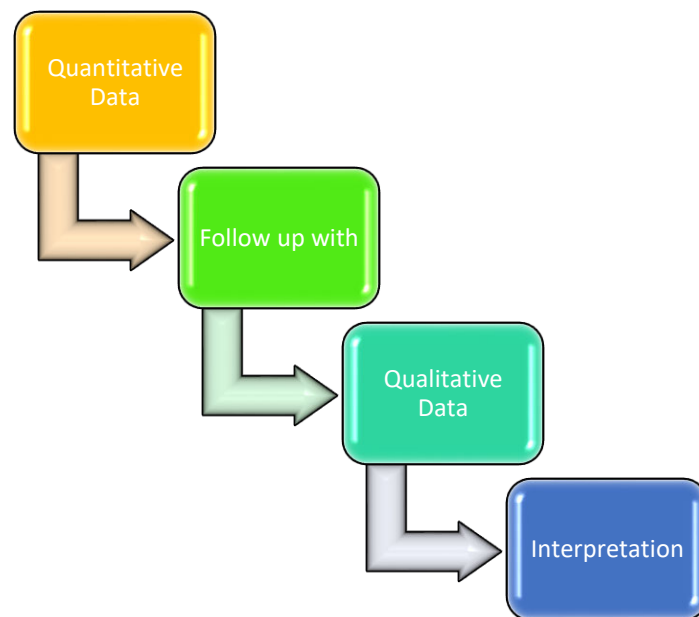


Figure 4. 1 Design using Explanatory Sequential Mixed Methods (QUAN → qual)

Source: Adapted from Creswell (2014: Page 220)

The use of both a qualitative and quantitative method was deemed essential since it ensured an all-encompassing study and suitable data collection in response to the specified research questions.

The inclusion of both data collection methods allowed for the triangulation of results, making the study more robust and trustworthy. The questionnaire survey was the first step in obtaining information on how SMEs in Ghana perceive tax equality (horizontal, vertical, and exchange equity), compliance intentions, tax knowledge, motivators of tax compliance, and tax compliance behaviour. The goal of the questionnaire survey was to determine how respondents felt about tax equality and compliance. Focus group discussions and interviews, which began after the first stage of data collection for this study was complete, were made necessary by the first stage and served as its second component (i.e., questionnaire survey). The questionnaire survey's results were supplemented by the focus group discussion with the main objective of learning more in-depth about how people see tax.

4.5 POPULATION AND SAMPLING

When doing research, it is crucial to adequately characterise the population being surveyed and ensure that the sampled group accurately represents the whole study population (Howell, Su, Nassel, Agne, & Cherrington, 2020). The researcher created a full collection of components

(people or things) that have certain common features indicated by the sample criteria, followed by the population to which the researcher has reasonable access. SMEs were selected from the nine (9) districts in Ghana for the study.

The researcher approached potential volunteers after identifying them and invited them to take part in the study. They were given the information sheet and informed that participation was entirely optional and that they could choose not to participate. Before they agreed to take part in the interview, they were made aware of their right to decline. They were also told that the information they supplied in the interviews would be kept private and that they would not be asked to provide their personal information.

Finally, participants were given consent documents for their involvement and the audio tape recording that they would be subjected to.

4.5.1 Study population

SMEs operating in the informal economy of Ghana make up the study's population. According to the Integrated Business Establishment Survey (IBES), there were 70,757 informal enterprises operating in the Northern sector of Ghana as of 2018 (Ghana Statistical Service, 2018b). To draw conclusions on how views of tax equity affect SMEs in the informal sector and how tax knowledge affects business output in those regions, the researcher focussed on this group of businesses. SMEs were chosen because the informal sector's contributions to Ghana's economic growth are crucial. The overall population of SME establishments in the three regions (Northern region, Upper East and Upper West region) is 70,757, according to the regional spatial business report from the Ghana Statistical Service (GSS, -IBES, 2018b). If we break this down into the three regions, we find that the Northern region, which consists of twenty-six (26) districts, has a total population of 39,975 entrepreneurial business establishments, followed by the Upper East region, which consists of thirteen (13) districts and has a total population of 17,054 business establishments, and finally the Upper West region, which has thirteen (11) districts and a total population of 13,728 self-employed business establishments. The distribution of the total population from the three regions is shown in the table below.

The study further considered the classification of business by the IBES (Ghana Statistical Service, 2018b) and Ghana revenue authority (GRA). The GRA's definition of a small taxpayer is defined as businesses with a yearly revenue of GHC90, 000 and below. The use of turnover

and workforce in defining businesses was necessary because this group of businesses (MSMEs) contributes largely to the GDP and helps in poverty alleviation by offering employment to a large number of citizens.

A total of about 32,903 SMEs were identified across the three regions. In the Northern region, a total of 15,836 SMEs were identified from three districts Tamale Metropolis, Sagneigu Municipal and West Mamprusi district, while a total of 9,218 and 7,849 SMEs were identified in the Upper East region (Bolgatanga Municipality, Bawku Municipality and Kasena-Nankana West) and Upper West regions (Wa Municipal, Jirapa and Nandowli-Kaleo), respectively. This population was chosen because the researcher was of the view that most of these firms are in the informal sector, which forms a major part of Ghanaian businesses. Besides, these firms have an accelerating rate of low compliance and tax evasion compared to large businesses. Since the study focuses on compliance, an assessment of their equity perceptions, knowledge and compliance levels among these businesses would offer practical policy implications for domestic resource mobilisation.

Table 4. 1 Population for the Study

Region	Number of Districts	Estimated Population
Northern Region	3	39975
Upper East Region	3	17054
Upper West Region	3	13728
Total	9	70757

Source: Ghana Statistical Service, (2018b)

4.5.2 Sampling Procedure

To choose the regions, districts, and MSMEs, this study used a multi-stage sampling methodology that included both probability and non-probability samplings. Rahman, Tabash, Salamzadeh, Abdul, and Rahaman (2022) explain that this sampling methodology (multi-stage sampling) allows available resources to be concentrated on a limited number of units of a frame. The classification of the research site into Northern, Upper East and Upper West regions is supported by the Department of Environment and Resource Studies (2013). This ensures that the country is fairly covered since each of the regions has similar economic and demographic characteristics. In all, three districts with the highest tax capacity and population in each region were purposively selected. In the Northern region (Tamale Metropolis, Sagneigu Municipal

and West Mamprusi district), the researcher selected Bolgatanga Municipality, Bawku Municipality and Kasena-Nankana West from the Upper East region and Wa Municipal, Jirapa and Nandowli-Kaleo from the Upper West region based on their tax capacity and the number of establishments. Because some of the newly created regions lack the necessary data to function independently as separate regions for this study, it is crucial to stress that the selection was based on the 10 administrative areas and not the 16 newly created regions. To randomly select the respondents, it is prudent to first know how many of these registered taxpaying firms will be representative of the 32,903 SMEs identified. This representative sample was chosen for the study using the Yamane (1967) formula. According to Singh and Masuku (2014), the Yamane sampling formula is best when the population is stratified. A total sample of approximately 395 respondents is representative of the population (32,903). According to Hair et al. (2016), a sample size of 350 to 500 is suitable for studies with at least 5 to 7 constructs.

The researcher used the multi-stage sampling approach to reach the desired sample size. First, the researcher grouped the population into three (3) clusters: The Northern region, the Upper-East region, and the Upper-West region (Taherdoost, 2016). In addition, three (3) districts from each region were chosen for the sample frame, using a purposive sampling strategy based on the population density of SMEs. The final sample size for the investigation was then chosen using simple random sampling.

Table 4. 2 Number of Small and Medium Establishments in the selected regions and districts

Regions	Districts	Number of SMEs Establishments
Northern	Tamale	9920
	Sagnerigu	3650
	West Mamprusi	2266
Upper East	Bolga	5005
	Bawku Municipal	2378
	Kasena-Nankana West	1835
Upper West	Wa Municipal	5370
	Jirapa	1362
	Nandowli-Kaleo	1117
Total		32903

Source: Ghana Statistical Service, 2018b

The researchers used the Yamane (1967) formula to calculate the sample size from the overall target group of 32,903 SMEs. The Yamane (1967) formula for calculating sample size is as follows:

$$n = \frac{N}{1 + Ne^2}$$

Where:

n= sample size

N = population size = 32,903

e = is the allowable margin of error (0.05)

Therefore, the sample size for the research using the Taro Yamane function was:

$$n = \frac{32,903}{1 + 32,903 (0.05)^2}$$

$$n = \frac{32,903}{83.2575} = 395.20$$

Table 4. 3 List of Small and Medium Enterprises across the three regions and their respective sample size

Regions	District	Number of SMEs establishment	Actual sample	Adjusted sample
Northern	Tamale	9920	119	179
	Sagnerigu	3650	44	66
	West Mamprusi	2266	27	41
Upper East	Bolga	5005	60	90
	Bawku Municipal	2378	29	44
	Kasena-Nankana	1835	22	33
Upper West	West			
	Wa Municipal	5370	65	98
	Jirapa	1362	16	24
	Nandowli-Kaleo	1117	13	20
Total		32903	395	595

Source: Ghana Statistical Service, 2018b

Thus, out of the total population of 32,903 SMEs, the sample size selected was 395. However, the sample size was increased by 50% so as not to fall short of the sample due to the low responses that were recorded during the pre-test, thus, the sample size was increased to 595. The sample of an additional 200 was shared across these three regions using their proportions as specified in Table 4.2.

4.5.3 Qualitative sample (focus group interview)

In qualitative research, sample sizes are usually constrained to allow for the comprehensive case-oriented analysis required for this style of examination (Vasileiou, Barnett, Thorpe, & Young, 2018a). Purposeful, qualitative samples are also chosen because they may provide very specific information about the subject of the inquiry. Numerous variables, such as epistemological, methodological, and practical considerations, affect the number of samples

required. According to Denzin and Lincoln (2011), qualitative sample sizes should be small enough to enable "depth, case-oriented research" of qualitative data rather than being sufficiently big to enable the creation of "new and fully textured knowledge" about the topic under inquiry. The following sample for interviews was created by the researcher taking into account the following variables: the study's scope, the issue's nature (such as its complexity or accessibility), the quality of the data, and the study design. To guarantee the quality of information and responses, one (1) representative from seven (7) SME groups was chosen to form each of the nine (9) focus groups. One focus group was selected from each of the nine (9) districts because one (1) focus group comprises seven (7) representatives from seven (7) SME groups such as retails, Agric related, welders, carpenters, hairdressers and dressmakers, barbers etc. The selection of one (1) focus group from each district was appropriate and representative since all SME groups were adequately represented as recommended by Vasileiou et al. (2018) that the more useful data acquired from each individual, the fewer participants are required. The table below details the sample of the focus group discussion.

Table 4. 4 Sample of Focus Group Interview Survey

Key Focus Groups	Interview surveys
Tamale (7 SMEs owners)	1
Sagnerigu (7 SMEs owners)	1
West Mamprusi (7 SMEs owners)	1
Bolgatanga (7 SMEs owners)	1
Bawku Municipal (7 SMEs owners)	1
Kasena-Nankana West (7 SMEs owners)	1
WA Municipal (7 SMEs owners)	1
Jirapa (7 SMEs owners)	1
Nandowli-Kaleo (7 SMEs owners)	1
Total	9

4.6 STUDY AREA

This study area in terms of the country is Ghana. Geographically, Ghana exhibits two phases: southern and northern Ghana. Specifically, this study will be carried out in the northern part of Ghana which consists of 5 regions namely: Northern, Upper East, Upper West, North-East and Savana Regions. However, it is worth noting that the North-East and Savana Regions are new

regions created out of the Northern region and hence lack available information as separate regions.

Based on this critical observation, the study considers these two regions as part of the Northern region. Hence, the study regions are the Northern, Upper East and Upper West regions. The rationale for the selection of the northern zone emanates from the study of Stephen et al. (2015), pointing out that micro-entrepreneurs in the northern part of Ghana generally do not want to pay their taxes, which can partly be attributed to equity perception and illiteracy. Again, the northern part of Ghana continues to experience an average domestic revenue shortfall of 5 to 10 per cent annually (Fiscal Strategy Document of Ghana, 2020). Moreover, the Ministry of Finance (MoF) and the Ghana Revenue Authority (GRA) have revealed poor performance of regions within northern Ghana in terms of tax revenue generation. Finally, there are limited studies on tax equity perceptions, compliance intention, tax knowledge and compliance behaviour among SMEs in the northern part of Ghana as revealed in the literature.

4.7 DATA COLLECTION METHODS

Primarily gathering primary data is a major component of many research efforts. When appropriate techniques are applied, data is collected in a methodical, scientific fashion. Better methods for collecting data will increase the accuracy, Validity and dependability of the study's findings. The goal of doing high-quality research with trustworthy results is achieved with the help of these strategies. During the preceding 20 years, there has been a significant change in the ways that information is gathered in surveys. Mail surveys and in-person interviews were the two main ways to collect data between the 1940s and the 1970s (Lyberg & Kasprzyk, 1991). Data were obtained from all SMEs selected in nine (9) districts from three (3) regions in Ghana.

The National Board for Small-Scale Enterprises and the Ghana Revenue Authority (GRA) granted authorisation or a gatekeeper's letter to gather data from the SMEs. Data were collected in two phases. Phase 1 involved the quantitative administration of surveys, which included mailing or hand-delivering Likert scale questionnaires to the SMEs for their responses. Phase 2 consisted of a series of focus group interviews held with a sample of SMEs to gain comments on research concerns.

4.8 DATA COLLECTION INSTRUMENTS

Due to the mixed method technique employed in the study, the researcher must demonstrate the instrument that is used for both the quantitative and qualitative phases (Creswell & Creswell, 2017). Based on the goal of the study, the researcher conducts a focus group discussion (FGD) and a questionnaire for the quantitative and qualitative phases, respectively.

4.8.1 Questionnaire Design and Structure

All over the world, there is no one approach to measure the level of Tax Compliance and Tax Equity perceptions among SMEs, selecting a particular approach depends on the country, individual, group or objects under discussion (Mbilla et al, 2018).

The survey questions used in this study are based on the works of Efebera et al. (2004), Farrar et al. (2018, 2020) and the Tax Compliance Project Report by the Department of Economics, University of Cape Coast (Tax Compliance Project Report, UCC, 2020). It is carefully noted that the purpose of questionnaires is to elicit data that would enable the researcher to respond to the survey's objectives (Brace, 2018). Formulating the questions for the questionnaire survey is always the first step. To accomplish this, the questionnaire must not only record the pertinent information but also gather it as precisely as feasible. The survey questionnaires used in this study are deemed adequate, since obtaining the most precise answers is essential for collecting accurate data for attaining the study objectives and, as a result, answering all research questions. Given that the order of the questions, the many topics covered by the questionnaire, and the order in which prompted responses are most appropriate all significantly impacted the correctness and dependability of the information obtained. Bourque and Fielder (1995) recommended that questions should be as straightforward, succinct, and thorough as possible to allow potential responders to complete the questionnaire on their own without the need for assistance. Target respondents are discouraged from completing lengthy questions, and as a result, the instrument is either not finished or never returned.

The goal of this study's questionnaire survey was to gather information on how SMEs in Ghana felt about tax equity, their intention to comply with the law, and how they really behaved in this regard. Because of this, it was essential to create a questionnaire that was both specific enough to reveal answers to the questions and general enough to discourage respondents from providing sensitive information. Closed-ended survey questions provide respondents with a list of possibilities from which to select. As a result, this instrument's questions are completely

closed-ended and created using the Likert Scale, as recommended by Farrar et al. (2020) for instances comparable to the current study. The process of converting concepts into quantifiable variables is called questionnaire surveying. It enables the efficient collection of a large amount of data from a large population (Nardi, 2015). The population of the current study is sizable, and a sizable amount of data must be gathered in the most economical way feasible. A lot of people, known as respondents, can be surveyed using a questionnaire to collect a variety of data. The quality of the questionnaire determines how well a survey will turn out. The survey may be rendered useless by improper questions, incorrect question ordering, an inappropriate scale, or a poor questionnaire design, since it may not accurately reflect the attitudes and opinions of the respondents. All questions to responders must be in the same context, according to the approach (May & Perry, 2022). Bell, Bryman, and Harley, (2022) emphasise the importance of evaluating the sequence of questions, and logic and responder comfort. Bell, et al. (2022) further indicate that respondents are less likely to complete a questionnaire that is too long.

The questionnaire is segmented into six sections: A, B, C, D, E, and F. Section A provides information about the respondents' backgrounds, including their gender, age, education, employment history, registration details, and income details. Section B deals with Tax Equity, which is further subdivided into three parts (vertical, horizontal and exchange equity). Section C looked at the Compliance Intention of taxpayers, Section D contains information on Tax Knowledge, Section E deals with Tax Compliance Behaviour and is further subdivided into three parts (Reporting and Declaration, Submission and Filing Returns, and Payment Compliance) and finally, Section F outlines the motivators or factors influencing Tax Compliance, and this was also subdivided into four parts (Economic, Institutional, Individual and Social Motivators).

4.8.2 Questionnaire for Quantitative Phase

The proposed questionnaire comprises demographic characteristics, age of SME operations, tax equity perceptions, tax compliance intentions, taxpayer's tax knowledge and compliance behaviour among SMEs in Ghana. The questionnaire is divided into six (6) sections. Section A solicits information on the respondent's background: gender, age, level of education, number of years in business, nature of business, business registration, and tax identification number. Section B looks at issues on tax equity perceptions (horizontal equity, vertical equity and exchange equity) and how it affects tax compliance behaviour. Section C measures

entrepreneurs'/taxpayer intention to adhere to or not to adhere to tax laws and how it can affect compliance behaviour and tax equity perceptions. Section D measures SMEs/taxpayers' knowledge of tax and how tax knowledge can affect tax equity perceptions and compliance behaviour. Section E measures compliance behaviour (tax payment compliance, submission and filling of tax returns and reporting and declaration of income). Since the Likert scale is used in measuring people's attitudes, opinions and beliefs (Yates, 2004), the study used the Likert scale from Lowest agreement =1, Low agreement =2, Agreement =3 High agreement =4, and Highest agreement =5 adapted from (Farrar et al., 2020 and Tax compliance report, 2020, UCC) for sections B and C, and Very low =1, Low =2, Fairly high =3, High =4, Very high =5 for sections D and E.

The measurements of tax equity perceptions (horizontal (HE), vertical (VE) and exchange equity (EE) were adapted from Farrar et al., (2020) (VE, Cronbach alpha 0.86, EE 0.83), Magaretha et al. (2020) (EE CR 0.887, Cronbach alpha 0.848, Convergent Validity 0.568, Discriminant Validity 0.753), Efebera et al. (2015) (Cronbach alpha; HE 0.75, VE, 0.73, EE, 0.79), and UCC Tax compliance report (2020,). The measurement of compliance intention was adapted from Efebera et al., (2015) with a Cronbach alpha value of 0.76 and a CR value of 0.89. Tax knowledge measurement scales and items were also adapted from Magaretha et al., (2020) and the UCC Tax compliance project report (2020), (CR is 0.87; CV is 0.688; DV of 0.829 and a Cronbach alpha value of 0.892). Finally, tax compliance behaviour was adapted from Magaretha et al., (2020) (CR is 0.926; CV is 0.757; DV is 0.870 and a Cronbach alpha value of 0.892) and from Efebera et al., (2015) (Cronbach alpha value of 0.76. A reliability coefficient (r) above 0.70 is considered an acceptable measure of reliability since, at that point, the measure of reliability has met the threshold for acceptance (Dörnyei & Taguchi, 2010). Also, the discriminant validity and the construct reliability were above the threshold value of 0.8 as supported by Byrne (2009), Henseler et al. (2010), and Farrar et al. (2020).

4.8.3 Pre-testing

Pre-testing aids in removing questions that are inappropriate for the research (Pallant, 2007). The questionnaire was pre-tested to glean overriding indicators and inappropriate responses. The study tested the questionnaire using 30 SME owners who are part of the main study participants. This was to avoid the tendency of respondents to be exposed to the questions and the risk of some respondents ticking indiscriminately. This pre-testing exercise was conducted in the Bolgatanga municipality of Ghana. The 30 SMEs who served as respondents were

appropriate because Saunders, Lewis and Thornhill (2007) were of the view that a pre-testing conducted with a minimum of 10 questionnaires is appropriate.

Pre-testing and questionnaire pilot study

Pilot studies might mean two different things in social science research. It could mean pre-testing or "trying out" a specific research instrument or it can be used to describe feasibility studies, which are "small-scale versions, or trial runs, done in preparation for the main study" (Hazzi & Maldaon, 2015; Chenail, 2011). A pilot study has the advantage of highlighting potential weak areas in the main research project, such as when research protocols may not be followed or if proposed methodologies are feasible, adequate, or unduly complex. After the survey questionnaire has been developed, it should be pre-tested with at least 5-10 people from the target demographic (De Vaus, 1993:54). In a case where the researcher cannot have access to the precise target group, respondents who are as close to the target group is feasible. The researcher picked three groups for pre-testing: Academics, Tax Experts and SMEs Association Leaders, who were close to the target groups, and who are either SME owners themselves or offer tax consultancy services to these SMEs.

Tax Experts are technical professionals with the requisite knowledge of both the laws and complex tax issues. SME taxpayers are their close clients for the provision of consultancy services on tax and related issues of general compliance. Academics possess a broad theoretical understanding of Tax Equity Perceptions and Compliance Behaviour, especially among SMEs. They are also well-versed in terms of research and methodologies, and data collection tools. An academic's second view ensured that the instrument was well-written, long enough, and that the targeted respondents could respond to every question without difficulty. On the other hand, SME' Association Leaders are SME owners themselves and have adequate knowledge of general issues that can enhance SMEs' Tax Compliance Perceptions.

30 participants from the three aforementioned groups were ultimately chosen for the pilot study, as shown in the table below. In total, 83.33% of respondents responded (i.e., a total of 30 questionnaires).

Table 4. 5 Questionnaire Pilot Study Response Rate

Study Group	Pre-test	Questionnaires Administered	Responses Returned/Retrieved	Response Rate (%)
Tax Experts		5	4	80%
SMEs Association Leader		20	16	80%
Academics		5	5	100%
Total		30	25	83.33%

The above pre-test was conducted for the period between 28 October 2021 and 18 November 2021. However, the main data collection for the study took place between the period of December 28, 2021 and May 30, 2022.

The researcher received a wealth of information, suggestions, and feedback on the instrument's content, organisation, and wording. No significant modifications were made to any crucial information, except for the researcher's cover letter that was provided to respondents; this letter was condensed to make it easier to read and understand. This is crucial since it is most probable that each respondent will read the cover letter before deciding whether to complete and return the questionnaire. As a result, it must be concise, clear, and easy to understand.

4.8.4 Focus group discussion for the qualitative phase

An interview guide was used for the qualitative phase. In the focus group discussion, semi-structured questions or open-ended questions were used to allow unearthing information that is not included in the instrument (Dawson, 2019). The researcher sought permission from every participant before recording their voice on tape. The tape recordings were subsequently transcribed into a readable version.

Participants for the focus group discussion consist of (9) focus groups comprising 7 participants (SME owners) each, (1) group from each of the (9) districts selected from the (3) regions in Ghana (Baker, Edwards & Doidge, 2012). Appendix B in this thesis is the interview guide for this phase.

Qualitative Phase (Focus group discussion/Interview Survey)

Qualitative data collection entails focus group interviews, organised or structured, semi-structured, unstructured, and other personal interviews (Bell, 2018). A common method for conducting quantitative survey research is the use of structured interviews, commonly referred to as standardised interviews or researcher-administered surveys. By using this technique, it is possible to guarantee that the same questions are asked throughout every interview in the same order (Sekaran, Bailey, Kamath, Ashok, & Kamath, 2020). As a result, it is possible to confidently compare the results across survey periods or sample subgroups and to accurately aggregate the responses. Unstructured or non-directive interviews are those that are conducted without a pre-planned agenda. The extreme opposite of nondirective interviews is structured interviewing, which includes a planned set of questions. Unstructured interviews can be carried out in several different ways, with some questions prepared in advance regarding a topic that the researcher or interviewer desires to address. They are more like typical talk and less formal and structured. Interviews are semi-structured when the framework of the questions is less rigorous (than those on structured interviews). Along with typical inquiries, open-ended questions can be used to obtain more qualitative data (covering socio-biographical variables like age, sex, and educational level). The "open discovery" method is the core strength of semi-structured interviews, where the subjects covered vary from interview to interview as fresh knowledge about the problem is learned (Sekaran, Bailey, Kamath, Ashok, & Kamath, 2020). This study chooses focus group discussion. A focus group interview is a “group of people with similar traits who come together to discuss a specific issue or topic” (Sekaran, Bailey, Kamath, Ashok, & Kamath, 2020, p 2).

“Focus groups are small groups of people, usually between six and nine people, who are brought together by a trained moderator (the researcher) to investigate attitudes and perceptions, thoughts and ideas about a topic” (Dilshad, 2013, p 92). Focus groups provide a comfortable setting for a group of people who are generally similar to each other to discuss the interviewer's questions. The researcher considered the purpose of interviews, which is to enable respondents to further develop their perspectives, as opposed to the closed questions of surveys, which lock respondents into arbitrarily constrained possibilities (Bryman, 2016). However, the researcher gains from flexibility in the focus group discussion/interview method in terms of the ordering of questions, response alternatives, and probing inquiries. While working flexibly with the interview guide and providing some structure based on the study objectives and

interview guide, the researcher leaves the opportunity for the respondents to be more spontaneous in their descriptions and narratives. These interviews took place in person and were recorded. To maintain confidentiality and anonymity, interview subjects were chosen at random and required to sign a consent form. To elicit thorough answers, the questions were probing and open-ended.

Focus group interview schedule design and structure

Focus group interviews are conducted in qualitative research when more participants are asked a variety of open-ended questions and replies are recorded. Because interviews are essentially qualitative, Creswell and Creswell (2017) advise utilising only open-ended questions when conducting qualitative research. While each interview has its structure, there are some general ideas and strategies that can be applied to all. The researcher was well aware that focus interviews require careful planning to be conducted successfully. It takes careful planning and preparation for the interview schedule, the interview, and the analysis of the interview data. The introduction, the major body, and the conclusion should all be included in every interview agenda. The opening (starting questions) was chosen to put the respondent/interviewee at ease. Additionally, the starting questions established the tone for the interview and made clear what will be covered and what the objectives of the interview are. The body of the interview guide always included a list of the topics to be covered and potential questions (i.e., Vertical, Horizontal and Exchange equity, Compliance Intention, Tax Knowledge, Motivators of Tax Compliance and Compliance Behaviour). The researcher employed moderately timed interviews with significant questions and probing queries. This guide nevertheless allowed for some flexibility in terms of probing questions and adapting to the circumstance. Furthermore, because audiotapes are used to allow for more regular transcribing, this type of scheduling aided in capturing responses.

The conclusion had the same tone as the rest of the focus discussion and was not too long. The researcher (interviewer) outlined the key themes covered during the interview and welcomed all interviewees to freely share and elaborate on any issues relating to tax equity perceptions and compliance behaviour among SMEs in Ghana that they felt were important but were not covered in the interview. As a result, the researcher believed it was better, to begin with, questions that participants could easily answer before moving on to more complex themes. This aided respondents to relax, build confidence and rapport and create valuable data for the continued development of the interview.

4.8.5 Focus group interview data collection procedure

In comparison to solely quantitative procedures like questionnaires, focus group interviews and other qualitative approaches offer a "deeper" understanding of social phenomena (Einola, & Alvesson, 2021). Focus interviews were used to supplement questionnaires and to gain a better grasp of the issue. The researcher conducted one-on-one focus interviews with participants to obtain detailed information about Tax Equity Perceptions and Compliance Behaviour among SMEs in Ghana. Nine (9) face-to-face focus group interviews comprising seven (7) participants in each group were conducted. All focus interviews were recorded with the participants' prior approval after they signed the provided consent form. The researcher used pseudonyms (fictitious names) in qualitative research analysis to guarantee the complete confidentiality of all participants, and it is rather common to ask participants to choose their pseudonyms instead of using their real names.

4.8.6 Focus interview pilot study and pre-testing

In qualitative research, piloting interviews is a critical step since it draws attention to the need for improvisation in the main study. The primary study should be piloted, according to Pearson, Naylor, Ashe, Fernandez, Yoong, and Wolfenden (2020), as this "may give advance notice about where the main research could fail, where research techniques may not be followed" (Moses, & Yamat, 2021, page 9). In-depth and rich information is provided via qualitative interviews to help us understand people's lives better. However, a qualitative interview may be difficult for an inexperienced researcher to conduct properly (Adeoye-Olatunde, & Olenik, 2021). To determine whether the plan was feasible, the researcher decided to pre-test the research instrument (focus group interview). Last but not least, Ives and Castillo-Montoya (2020) commented on her experience interviewing famous people and concluded that it may come out as fake and unnatural. These considerations influenced the researcher's decision to pick the following participants from a sample that was not part of the main project sample.

Table 4. 6 Focus Group Interview Pilot Study Response Rate

Pilot Study Groups	Focus Group Interviews Conducted	Responses Received	Response Rate (%)
SMEs Association Leaders	1	1	100%
Tax Officials	1	1	100%
Chartered Accountants and Lecturers	1	1	100%
Total	3	3	100%

The focus group discussion was driven by open-ended questions about Tax Equity Perceptions and Compliance Behaviour among SMEs in Ghana. Following that, my research supervisors assessed the interview questions for language, wording, and relevance.

One of the beginning questions and ending questions was changed at this point. Participants in the pilot study were chosen and permitted to participate. In pilot interviews, the participants should share the same or similar criteria as the group of participants for the main study (Adeoye, Olatunde, and Olenik, 2021). The participant's inclusion criteria had been provided by the researcher ahead of time and the pilot study took place from November 19 to December 26, 2021. Each participant received a letter of informed consent, and the focus interviews were recorded using digital recorders and lasted between 45 and 60 minutes each. Cornell and Sayman (2020) suggested that, because of the participants' other responsibilities, the focus interview should not last more than 90 minutes.

The researcher was given the option to transcribe verbatim and code the data after the pilot study was over. The importance of the pilot study was undeniable in assisting the researcher in refining tactics before proceeding with the main study. The study was modified in two ways,

but the researcher received vital knowledge and insight as a result of the piloting. The researcher was able to acquire the necessary information to address the study's objectives.

Figure 4.2 describes the process undertaken to conduct the focus interview pilot study.

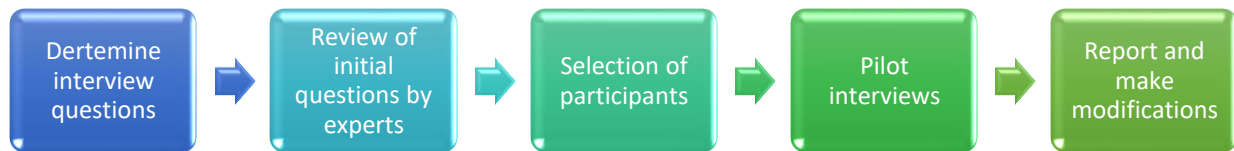


Figure 4. 2 Processes in conducting the pilot study

Source: Authors Own Construct

4.9 DATA ANALYSIS METHOD

Palinkas et al. (2015) recommended that data from any research that is valuable in accomplishing research objectives and answering research questions must be analysed and interpreted. Chireshe (2020) outlined three justifications for employing statistical analysis: first, to manageably and understandably transform huge amounts of data; second, to support population and sample studies; and third, to aid decision-making simpler and make it possible to reach reliable conclusions.

4.9.1 Questionnaire Survey

Even though data analysis followed the questionnaire survey, the testing and analysis of results were carefully thought through during the questionnaire design. The editing and coding of data gathered is the initial step in the analysis, especially in surveys. The researcher routinely verifies the data to make sure that it is as accurate as possible, consistent with other facts, evenly entered, as complete as possible, and organised to make coding and tabulation easier. The descriptive and inferential aims of statistical analysis of data collected are often referred to as descriptive and inferential analysis. When selecting statistical tests for data analysis, the number of groups involved (independent variables), the number of persons in each group, the nature of the groupings (related or independent), and the measurement scale of the data values are all significant factors (Chireshe, 2020).

Parametric and non-parametric statistical tests are the two types of statistical tests used in data analysis. When the following assumptions are met, parametric tests are said to be suitable (Le Cessie, Goeman, & Dekkers, 2020). The observations must be independent of error:

- i. At least an interval scale must have been used to measure the variables.
- ii. The observations in the various treatment populations must have an equivalent variance.
- iii. The observations must be selected from scores in the treatment population that are regularly distributed.

Non-parametric tests, on the other hand, are just as significant in social science research as their parametric counterparts. Chireshe (2020) asserts that behavioural scientists infrequently have data that satisfy the requirements of parametric tests, such as obtaining the kind of measurement necessary for accurate parametric test interpretation. Since it does not assume anything about the distribution of scores in the population, this method is referred to as distribution-free. Non-parametric methods can be applied without having to adhere to the strict assumptions of parametric methods, such as normality and homogeneity of variance or without the need for data to be measured on an interval scale. Considering that the gathered data is less robust than an interval scale, it is evident that non-parametric approaches are better applicable in this investigation. Furthermore, the information on the scale determines the statistical test used. It is worth noting that non-parametric techniques were created to avoid having to make as many statistical assumptions as parametric techniques do (Le Cessie, Goeman, & Dekkers, 2020, Chireshe 2020).

4.9.2 Descriptive Statistics

The procedure of organising raw data for descriptive purposes is referred to as the "descriptive statistical technique." Descriptive statistics offer succinct summaries of the measurements and the sample. They do not, however, include methods for concluding any hypotheses that have been put up or conclusions that go beyond the evidence that has been examined. Descriptive statistics serve merely as an explanation of what we do (Chireshe, 2020). The perceptions of tax equity and compliance behaviour among SMEs in Ghana were described using descriptive statistical measures, including means, medians, frequency distribution, percentage, rank, and standard deviation (Cronk, 2019).

4.9.3 Focus Group Interview Survey

The 'Grounded Theory' approach was used to analyse the interview survey responses. The grounded theory starts with the facts and builds the hypothesis from there. Thus, this is an inductive method where the emphasis is shifted from the particular to the general (Charmaz & Thornberg, 2020), that is, a qualitative research strategy that employs an organised collection of techniques to produce a grounded theory about a phenomenon. Grounded theory, according to Charmaz and Thornberg (2021, p. 306), is "... the theory formed from the evidence that was collected and analysed methodically during the research process, the acquisition of data, analysis, and eventual theory are all intertwined in this process".

Grounded theory's main goal is to make an explanation of a phenomenon clearer by emphasising its essential elements and categorising the connections between them, the methodology and the setting of the study. Grounded theory's central idea is to repeatedly examine a textual database (such as a set of field notes) to identify or name variables like categories, concepts, and qualities and how they relate to one another. The capacity to recognise variables and relationships is referred to as "theoretical sensitivity," and it can be improved by implementing sensitivity-boosting techniques and reading relevant literature. Open coding, axial coding, and selective coding are three ways of analysis used in grounded theory from which sampling processes are often developed (Charmaz, & Thornberg, 2021).

Open coding is an aspect of analysis that focuses on identifying, categorising, and defining phenomena found in the text, or more specifically, each line, phrase, and paragraph. Objects, groups, and traits are named or labelled through the process of coding. Coding can be carried out either in a very structured and professional way or in a very informal way. In grounded theory, it is typically carried out informally. For instance, grounded theorists rarely return to an earlier text to code for a new category that has been developed after coding a significant amount of information. However, maintaining a codebook (i.e., keeping track of codes and their descriptions) and providing links to texts are useful. (Xia, Wu, Zheng, & Lo, 2021).

Axial coding is the process of using a combination of inductive and deductive reasoning to link codes (categories and attributes) together.

The grounded theorists simplify this process by emphasising causal linkages and fitting objects into a fundamental framework of generic relationships (Chang & Huang. (2022).

Selective coding is a technique to designate one category as the core category and link it to all other categories. The basic goal is to create a core plot that the rest of the story will revolve around. There is a conviction that such a fundamental concept always exists. Finding the driver that moves the story ahead is the goal of selective coding (Chang & Huang, 2022).

The researcher applied the grounded theory methodology to analyse the interview replies for the study. First, the interview transcripts' "important instances" were underlined. Digressions, repeats, and other irrelevant content were eliminated at this stage. Second, the quotes were assigned to categories using "open coding." A category is an abstract conceptual name that summarises a passage's main characteristics. This was a more time-consuming stage, as it required going through the transcripts one by one to collect several quotes and examples of each existing category, and identifying new ones. As the percentage of new information dropped, fewer new categories were recognised from the first transcript, and fewer new categories were discovered from each subsequent transcript. To ensure that the process of allocating quotes to categories was repeatable, a second, independent person assigned quotes to categories for one transcript. An initial list of categories was created at the end of this stage to help with the next steps. Last but not the least, the researcher employed a method called "axial coding," which involved connecting the categories and defining qualities like context and preconditions before deleting or combining some categories from the list. Finally, 'selective coding' was carried out, which entailed identifying a core category or broad theme from which the overall results could be deduced. In this study, the researcher used prepared questions to entice respondents by allowing them to tell a tale about their perceptions of Tax Equity and Compliance in Ghana.

4.10 VALIDITY, RELIABILITY AND TRUSTWORTHINESS

The degree to which participants' and researchers' perceptions and conceptions have mutually reinforcing meanings is what Kivunja and Kuyini (2017) define as validity. Because this study uses both qualitative and quantitative data, the vocabulary utilised to describe validity and reliability is broader than that which is usually employed in quantitative research (Zaslan, Bilgin, Uysal Yalçın, & Haddad, 2020). The terms dependability, believability, and reliability are frequently employed while working with qualitative data. They are essential in ensuring the correctness of field notes and making the process of disseminating research findings more accessible to the general audience. According to Kivunja and Kuyini (2017), dependability refers to how well findings hold up over time and accurately represent the full population under

research. The instrument is considered to be reliable if the results of a study can be independently validated using a similar method. Official statisticians from the Ghana Statistical Service and my supervisors reviewed the questionnaires to ensure that the content was valid and reliable. Pilot research, as described in Section 4.5.1, was carried out to ensure the validity and reliability of the questionnaire (above). This study employed triangulation, thick description, and peer review to ensure validity and reliability, validate the data, and ultimately provide credibility to the research report.

4.10.1 Thick description

A qualitative research strategy that guarantees reliability and validity is a thick description.

Detailing the environment, participants, and themes of the qualitative study is the goal of this approach. The qualitative research findings were presented in this study with a lot of emphasis on detailed descriptions, usually quoting participants' actual words. "Verisimilitude" is a term for claims that give readers the idea that they have experienced or could experience the events described in the study. A thick description is employed to create this effect.

Giving the readers as much information as possible is the main goal of using thick descriptions to communicate the findings. It also enables readers to decide whether the results are applicable in other contexts or circumstances.

4.10.2 Peer review

Peer review is the third and last method used to guarantee the validity and reliability of this study. Peer review is the practice of having someone knowledgeable about the research or the phenomenon being examined look through the results and research methodology (Mattijsen, Witteman, Berger, & Stoel, 2020). Peer reviewers encourage the researcher to continue to act as the devil's advocate, evaluate the researcher's presumptions, and offer probing questions about the procedures and conclusions (Amankwaa, 2016). Both the data collection and analysis phases employed the peer review process. A senior lecturer at the University of Cape Coast and an experienced colleague with a PhD and my supervisors who both possess a PhD in a related field of study served as peer reviewers (Tax Equity Perceptions and Compliance Behaviour). The peer reviewers provided excellent advice and input based on their expertise and knowledge of the thesis's subject area.

4.10.3 Reliability and validity of Questionnaire

Validity is the capacity of an instrument to measure what it is intended to measure and the extent to which researchers have measured what they planned to measure (Özaslan, Bilgin, Aysal Yalçın, & Haddad, 2020). Additionally, it relates to how well an empirical measure captures the true essence of the concept being studied (Kivunja and Kuyini, 2017). On the other side, reliability refers to an instrument's ability to generate consistent results (Kivunja and Kuyini, 2017). If we obtain the same/similar responses frequently on a questionnaire, it is said to be reliable. Though it is impossible to determine reliability precisely, correlation coefficient estimates can be used to evaluate it.

Since respondents rarely go deeply or in-depth into their responses, surveys are usually acknowledged to have a poor level of validity. Investigating complex subjects that need respondents to give explanations for their responses is challenging. When closed questions are employed, the respondent is limited to answers that fit into the researcher's categories, and there is minimal room for the respondent to qualify the meaning of their responses (Neuert, Meitinger, Behr, & Schonlau, 2021). The anonymity of face-to-face surveys where respondents' personal identity is excluded from the questionnaire may encourage respondents to answer questions honestly with the certainty that they will not be recognised. This might make their responses more reliable. Researchers first reach a consensus on the elements that make up appropriate coverage of the issue before determining an instrument's content validity. The questionnaire used in this study includes all the key elements emphasised in the literature reviewed in Chapters Two and Three. The questionnaire's completion duration was timed to ensure that it was not excessively long and would discourage respondents from completing it. Construct validity is the most important type of validity. It assesses how effectively a measuring device measures the theoretical construct that it was intended to measure (Neuert, Meitinger, Behr, & Schonlau, 2021). Construct validity is far more challenging to assess since researchers want assurance that their measurement has a sufficient level of validity. The construct validity of the questionnaire employed in this study is satisfactory since it comprises clear and straightforward questions. Furthermore, the utilisation of focus group discussion as a second data collection strategy improved construct validity. Finally, the questionnaire's usage of a five-point Likert scale has aided in the improvement of the construct validity.

Before the researcher can make any statistical analysis, it is critical to assess the data's trustworthiness or reliability. When a test-retest technique is employed, reliability is assessed

in terms of stability, which ensures that the same findings are produced when used consecutively two or more times.

Finally, equivalency is employed when two observers examine the same phenomena at the same time, and inter-rater reliability is used (Neuert, Meitinger, Behr, & Schonlau, 2021). The reliability and validity of the instrument have previously been proven, and the questionnaire used was developed to fit the Ghanaian SMEs' perspective.

To guarantee the data's quality and dependability, pre-testing and peer review were conducted on the data collection instrument. Also, the researcher had already adapted measurement items that reported good reliability and validity indicators from previous tax compliance literature (Farrar et al., 2020 (VE, Cronbach alpha 0.86, EE 0.83); Magaretha et al., 2020 (EE CR 0.887, Cronbach alpha 0.848, Convergent Validity 0.568, Discriminant Validity 0.753); Efebera et al., 2015 (Cronbach alpha; HE 0.75, VE, 0.73, EE, 0.79), and Tax compliance report, 2020, UCC). The measurement of compliance intention was adapted from Efebera et al., (2015) with a Cronbach alpha value of 0.76 and a CR value of 0.89. Tax knowledge measurement scales and items were also adapted from Magaretha et al., 2020 and Tax compliance project report, 2020, UCC (CR is 0.87; CV is 0.688; DV of 0.829 and a Cronbach alpha value of 0.892). Finally, tax compliance behaviour was adapted from Magaretha et al., 2020 (CR is 0.926; CV is 0.757; DV is 0.870 and a Cronbach alpha value of 0.892) and partly adapted from Efebera et al., 2015 (Cronbach alpha value of 0.76). A reliability coefficient (r) above 0.70 is deemed an acceptable measure of reliability because more than 0.70 of the threshold values of acceptability is achieved as a measure of reliability (Farrar et al., 2020). Also, the discriminant validity and the construct reliability were above the threshold value of (0.8) as supported by (Byrne, 2009, Henseler et al., 2010, and Farrar et al., 2020). The researcher further ensures that the data is clean, and outliers removed to achieve internal consistency in the findings. Diagnostic tests such as multicollinearity, normality, discriminant validity and construct reliability and validity are tested and passed in the SEM analysis. The analysis of data using SEM requires some protocols such as ensuring that the factor loadings in each construct are greater than 0.5 (Byrne 2016). Sarstedt and Cheah (2019) believe that the issue of consistency in PLS requires that the deletion of indicators should be done when it can only improve indicators' reliability. This application also improves the Average Variance Extracted (AVE) and Construct Reliability (CR) (Sarstedt, & Cheah, 2019). The results are subjected to face validity to be carried out by giving the instruments to the supervisor for scrutiny. The content

validity of the questionnaire is ensured by experts in the area of accounting, and the research supervisors who scrutinise the items for their suitability before the pre-test. In addition, the independent variables of the study are regressed on the dependent variables to determine whether there are significant relationships among the variable to warrant satisfaction of the validity criterion of the instrument (Cheah, Thurasamy, Memon, Chuah, Ting, 2020). Moreover, construct validity, which indicates the extent of the relationship between the variables employed (Sarstedt, & Cheah, 2019) is tested using factor analysis.

4.10.4 Triangulation Method

Triangulation is the use of many approaches, typically qualitative and quantitative methods, in the investigation of a single phenomenon to increase study credibility (Creswell & Creswell, 2018). According to Steenkamp and Tekelas (2021), triangulation is the study of the same event using two or more methodological techniques, theoretical viewpoints, data sources, investigators, and analytical procedures. Triangulation is the employment of two or more data collection methods to research a particular phenomenon.

How to triangulate quantitative data with qualitative data

A thorough review of the literature yielded themes (i.e., Vertical equity and compliance behaviour, horizontal equity and compliance behaviour, exchange equity and compliance behaviour, compliance intention and tax knowledge), whereby questions were created for each of the themes, and sampled respondents were invited to participate in the questionnaire survey. Nine (9) focus groups were selected to partake in the focus group discussion.

In triangulation, the researcher can choose either explanatory sequential triangulation, exploratory sequential or concurrent triangulation (Steenkamp & Tekelas, 2021). In this study, the researcher relies on the explanatory sequential triangulation as explained above.

The researcher triangulates by first presenting the quantitative results, objective by objective and complimenting with the qualitative results theme by theme as obtained through the focus group discussion using the interview guide in Appendix B.

The quantitative results obtained through regression analysis are then compared with the qualitative results, objective by objective and theme by a theme to provide a better explanation of the quantitative figures or results to improve reliability, consistency and generalisation of the findings (Creswell et al, 2018).

4.11 Data Analysis

Data were analysed in two phases: the quantitative phase and the qualitative phase. During the quantitative phase, the researcher ensured that the data is clean from unengaged responses, and outliers were removed to achieve internal consistency in the findings. Inferential and descriptive analysis was carried out to analyse the quantitative objectives using the retrieved data from the questionnaire. Diagnostic tests such as multicollinearity, normality, discriminant validity and construct reliability and validity were tested and passed in the SEM analysis. The analysis of data using SEM requires some protocols such as ensuring that the factor loadings in each construct are greater than 0.5 (Byrne 2016). Henseler et al. (2009) believe that the issue of consistency in PLS requires that the deletion of indicators should be done when it can only improve indicators' reliability. This application also improves the Average Variance Extracted (AVE) and Construct Reliability (CR) (Henseler et al., 2009). In the qualitative phase, the recordings obtained during the focus group discussion were transcribed and interpreted for better understanding (Cresswell et al, 2018).

4.11.1 Analytical Statistics

The analytical approach is a technique for extrapolating conclusions and generalisations from unprocessed data. These are techniques for using samples to draw broad conclusions about the populations from which they were drawn. Data collection is the first phase, then descriptive analysis, and ultimately a comparison and significance analysis (Rea & Parker, 2014). As a result, analytical statistics were applied in the current work for two tasks: parameter estimation and statistical hypothesis testing.

4.11.2 Analysis of Quantitative Data

4.11.2.1 To investigate how tax equity (vertical, horizontal and exchange equity perception) affects tax compliance behaviour among SMEs in Ghana

Objectives 1, 2 and 3 are analysed using SEM. The model modification uses a higher-order construct to approach the objective. Three sub-constructs were used by the researcher to assess perceptions of tax equity (Horizontal, Vertical and Exchange). Then, these latent variables are measured using already available indicators (Efebera et al., 2015; Farrar et al., 2020; and Magaretha et al., 2020). The sum of the entire indicator is now used to measure tax equity perception. As the dependent variable, tax compliance behaviour was measured using three sub-constructs (Tax payment compliance, Submission and filling of tax returns and Reporting

and declaration of income). A set of indicators based on Efebera et al. (2015) was used to measure the latent variables. To find out how well these independent variables predict the dependent variables, PLS-Bootstrapping was used to test the results. According to Cohen (1988) and Falk and Miller (1992), an r-square of 15% is modest and 35% is large. Using the blindfolding method in Smart-PLS, the Stone-Geisser (Q2) was implemented to do additional testing on the endogenous variable's predictability. A variable construct cross-validated commonality (CCC) and construct cross-validated redundancy must both be greater than zero for it to be predictively relevant (Hult, Ringle, and Sarstedt, 2016).

4.11.2.2 Examine how tax compliance intention mediates tax equity perception and tax compliance behaviour

The researcher evaluates the indirect impact of compliance intention on the relationship between tax equity perception and tax compliance behaviour to determine how tax compliance intention mediates the association between tax equity and tax compliance. According to Hair et al. (2016), the existence of full mediation, partial mediation, or no mediation is investigated using the results from the particular indirect impact to assess the mediating role of tax compliance intention. According to Baron and Kenny (1986), the researcher looks at the mediating influence. Using guidelines from Baron and Kenny (1986), all key parameters are examined under partial and complete mediation settings to determine the effects of meditation. Baron and Kenny (1986) suggest that mediation is valid if the predictor variable influences both the outcome variable and the mediating variable in the first regression. The mediating variable should have an impact on the outcome variable in the third equation. If all of these conditions are met, the third equation's predictor variable's impact on the outcome variable must be less than that of the second equation. When the mediating variable is held constant, the predictor variable should not influence a perfect mediation to hold.

4.11.2.3 Assess how taxpayers' tax knowledge moderates tax equity perception and tax compliance behaviour

The interaction between tax knowledge which is the moderator and compliance behaviour which is the dependent variable was used to examine the moderating influence of tax knowledge. According to Hair et al. (2016), the conclusion of the moderation role is based on both the direct and indirect effects of the regression result. The moderation model will look at how tax knowledge affects people's perception of tax equity and how they behave when it comes to paying their taxes. The PLS algorithm evaluates the importance of the hypothesised paths and the strength of the postulated paths for each, signified by path coefficients and

explanatory powers (R^2) of endogenous variables, respectively. The standard SmartPLS bootstrapping procedure is used for this. In a moderation test, the interaction or moderating term(s) should be a statistically significant estimator of the connection (Baron & Kenny (1986).

4.11.2.4 Partial Least Squares Structural Equation Modelling (PLS-SEM)

Partial least squares structural equation modelling (PLS-SEM) is useful for predicting a collection of dependent variables from a sizeable set of independent components (Abdi, 2007). The multivariate statistical method of structural equation modelling allows researchers to calculate and examine causal relationships (SEM). The phrase "path analysis" refers to a technique that was developed in the field of genetics to examine the combined effects of one or more discrete elements shown in a path diagram. These variables in these models can be divided into different categories based on how they are assessed or how they are used in the model:

- (i) Latent variables, often referred to as constructs, factors, concepts, or conceptual variables, are directly relevant model components that are not observable and must instead be inferred from the observed data.
- (ii) Observable variables are distinguished by the fact that they can be measured and are known or assumed to be connected with latent concepts. They are sometimes referred to as indicators, inputs, or simply measures.

For instance, the concept of equity perception can be identified by the measurement of factors like verbal and quantitative reasoning test results, among other quantifiable indications.

Depending on where they are in the model, these latent variables may be exogenous or endogenous. The exogenous affects others but does not affect themselves, whereas the endogenous affects others but also has the potential to affect one another. Greek letters are used for the latent variables in circles, and Latin letters are used for the observable variables in rectangles, in the typical visual representation of these models. The association between the observable variables or indicators and the latent variables is known as the measurement model or outer model, whilst the relational structure between the latent variables or model concepts is known as the structural model.

Arrows are used in trajectory diagrams to visually represent both types (Henlein & Kaplan, 2004). The orientation of the arrows connecting the observed and latent variables, which

indicates whether the observed measurements are formative or reflecting indicators (each indicator is a reflection or direct observation of the latent variable or construct) is theoretically used to determine the type of observed measurement (where some set of indicators together jointly determine the latent variable). The entire process of developing or presenting the structural model is collectively referred to as the model's specification or identification.

The model of structural equations is then illustrated graphically, and it is shown that the exogenous conceptual variables tax equity perceptions, compliance intention, other motivators, and tax knowledge predict the intention of the endogenous conceptual variable tax compliance behaviour. The item scores on the scales for each of these latent variables, in particular, are used to measure each of these latent variables. As proposed links between the latent variables, particularly the anticipated impact of the exogenous, the hypotheses are established. The correlations of all the indicators with their corresponding latent variables are supplied as reflective indicators in this study because each survey question only assesses one of several indicators of each notion.

The estimation of structural models is divided into two stages, the first of which is the estimation of the measurement model or outer model, and the second is the estimation of the structural model or inner model, as described below.

- i. Assessment of the structural measurement model's reliability and validity is the main objective of this stage, which is also known as the "PLS Algorithm" in the SmartPLS application. When using the PLS approach, all indicators' initial weights are set to +1 when calculating their construct in the PLS path model (the default SmartPLS setting). These weights are estimated using the "Path" weighting scheme, which maximises the values of R² or the variance explained. Additionally, the programme sets the maximum number of weight estimation iterations to 300 by default, which is useful for exploratory models but less so as the estimation becomes more conclusive (tolerance to 105 is sometimes suggested). The recommended number of iterations is at least 1000 and up to 5000.
- ii. Evaluation of the structural model: The estimates and hypothesis tests for the causal links between exogenous and endogenous variables shown in the route diagram are used to assess the structural model. SmartPLS's Bootstrapping option is used to calculate test statistics and standard errors for the pertinent parameters. (Analytical standard errors obtained from normal assumptions or approximations, such as those

used in regression analysis, would be erroneous in this situation due to the complexity of the SEM causal model; consequently, bootstrapping is strongly advised.) (5000 iterations, as suggested).

Sub-samples in bootstrapping are randomly selected observations from the original set of data (with replacement). After that, the PLS path model is estimated using each sub-sample. Up till there are several random sub-samples, this process is repeated (e.g., 5,000). The PLS-SEM results' standard errors are calculated using the range of these numerous (for instance, 5,000) estimates from the bootstrap sub-samples. By generating standard errors, beta coefficients, t-values, p-values, and confidence intervals, this data can be utilised to assess the findings of the PLS-SEM estimate. The most significant output values for both PLS-SEM estimate analysis techniques are the (fit) quality criteria. Note that, the variables with codes VE2, VE3, VE5, HE1, HE2, HE4, EE2, EE3 and CI2, CI5, TPK2, TPK4, IDM2, IDM4, SM1 and SM5, TPC4, SFR2, SFR3 and RDI4 from the questionnaire in appendix B were deleted for recording poor factor loading as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency.

4.11.2.5 Summarised procedures for Conducting PLS-SEM in SmartPLS Software

Preparation of Data

The database is imported into Excel. Multiple worksheet files are not processed with variables by columns and subjects by rows. All variables must be numeric and separated by commas when saved in CSV format; inverse items must be rectified before being exported to the programme. To enhance the data reporting process, use the coding exactly as it appears in the finished project.

4.12 MODEL SPECIFICATION

A simple linear regression technique is used based on the study's goals. This is because tax compliance behaviour is predicted by views of tax equality, tax compliance intention, and moderating variables. Additionally, descriptive statistics and relationships are shown. This research is cross-sectional. The equations are modelled as follows:

1. Statistical Model

$$TCB f(TEP, Age) \dots \dots \dots \text{Model 1}$$

$$TCB f(TCI, TEP, Age) \dots \dots \dots \text{Mediation}$$

$$TCB f(TEP, TEP * TPK, Age) \dots \dots \dots \text{Moderation}$$

The econometric model below shows how the independent variable, tax equity perception (TEP), using the statistical model above, was further divided into three (3) equity dimensions: horizontal equity (HE), vertical equity (VE), and exchange equity (EE).

2. Econometric Model

$$TCB = \beta_0 + \beta_1 HE + \beta_2 VE + \beta_3 EE + \beta_4 AGE + \varepsilon \dots \dots \dots \text{Model 1}$$

$$TCB = \beta_0 + \beta_1 HE + \beta_2 VE + \beta_3 EE + \beta_4 TCI + \beta_5 AGE + \varepsilon \dots \dots \text{Model 2 (Mediation)}$$

$$TCB = \beta_0 + \beta_1 HE + \beta_2 VE + \beta_3 EE + \beta_4 HE * TPK + \beta_5 VE * TPK + \beta_6 EE * TPK + \beta_7 AGE + \varepsilon \dots \dots \dots \text{Model 3 (Moderation)}$$

Source: Researchers construct

Where TCB or tax compliance behaviour is the dependent variable, TEP or tax equity perceptions (HE, VE, and EE) are the independent constructs, TCI or compliance intention is the mediating construct, TPK or taxpayers' tax knowledge is the moderating variable, AGE or the age of business operation is the control variable and ε is an error. The procedure is carried out using SPSS and the Smart-PLS Structural Equation Model as statistical tools (SEM). The following are examples and explanations of the variables in the aforementioned model.

4.12.1 Dependent Variable

4.12.1.1 Tax Compliance Behaviour

The dependent variable in this study is tax compliance behaviour. The researcher measured tax compliance based on three dimensions namely, 1. Reporting and declaration compliance 2.

Submission and filing of tax returns and 3. Payment of tax on time. Reporting and declaration compliance was measured using six (6) questions adapted from Efebera et al. (2015), Submission and filling of tax returns were measured using six (6) questions adapted from Margaretha et al. (2020) and Efebera et al. (2004), and five (5) questions adapted from Efebera et al. (2004, 2015) was also used to measure payment of tax compliance. In total seventeen (17) questions were used to measure tax compliance behaviour. The measurement scale for tax compliance was from 1 – Lowest agreement to 5- Highest agreement adapted from the Tax compliance report (UCC, 2021).

4.12.2 Independent Variables

4.12.2.1 Tax Equity Perceptions (Horizontal Equity, Vertical Equity and Exchange Equity)

Tax equity perception, being the independent variable, is explained by Adam as the ability of the taxpayer to honour all his legally due taxes. According to Margaretha et al. (2020); Azemi et al. (2020) and Abdul et al. (2020), tax equity perceptions focussed on deciding whether the distribution of resources is accurate and fair to both relational partners (in this study, taxpayers and government). This study analysed tax equity perceptions in three dimensions (vertical, horizontal, and exchange).

4.12.2.2 Vertical Equity perception (VE)

Vertical equity emphasises that taxpayers with different economic conditions should be taxed at different rates. Abdul et al. (2020) revealed that taxpayers who earn a high income should pay more tax rates than those who earn less. Six (6) questions were used to measure vertical equity perception adapted from Efebera et al. (2004), Azemi et al. (2020) and Abdul et al., (2020). The measurement scale for vertical equity perception was from 1 – Lowest agreement to 5- Highest agreement, adapted from the Tax compliance report (UCC, 2021) and Efebera et al. (2004).

4.12.2.3 Horizontal Equity Perception (HE)

As per Efebera et al. (2004), horizontal equity perception refers to the equitable treatment of taxpayers in identical situations. This implies that taxpayers with comparable incomes should pay taxes at the same rate. The results of the 2004 study by Efebera et al. are comparable to those of recent studies by Margaretha et al. (2020), Azemi et al. (2020), and Farrar et al. (2020), which found that horizontal equity perception negatively affects tax compliance behaviour. This is because tax research on equity perceptions suggests that the nature of equity perceptions

and the psychological processes that serve to form such perceptions are still not well understood. Utilising modified measuring scales from 1-Lowest agreement to 5-Highest agreement, five (5) questions were employed to assess horizontal equity.

4.12.2.4 Exchange Equity Perception (EE)

Exchange equity postulates that the exchange of contributions and benefits between taxpayers and the government should be fair (Abdul et al., 2020; Margaretha et al., 2020; Azemi et al., 2020; Efebera et al., 2004). Exchange equity presupposes that taxpayers want the benefits received from the government to match their tax contributions, and intuitively, if this does not happen, it will affect their compliance behaviour. Exchange equity was measured with six (6) questions and measurement scales of a 1-Lowest agreement to a 5-Highest agreement adapted from Margaretha et al., 2020; Azemi et al., 2020).

4.12.3 Moderating Variable

4.12.3.1 Tax Knowledge

Tax knowledge is the moderating variable; moderation is simply the interaction between a dependent variable and an independent variable by a third factor to better explain the relationship between them (Wardana, 2017). In this case, the third factor is tax knowledge. Wardana (2017) argues that the equity perception of a taxpayer cannot influence tax compliance behaviour in isolation. That is, another factor such as tax knowledge can strengthen, lessen or even change the direction of the nexus between equity perception and tax compliance behaviour. Despite equity perception being a good predictor of tax compliance behaviour, Asrinanda (2018) stated that tax knowledge is a fundamental requirement when analysing the compliance behaviour of taxpayers. According to Farrar et al. (2020), filing tax returns on time, reporting the correct amount and computing the right amount of tax liabilities requires tax knowledge at a certain level by the taxpayer. This, therefore, means that tax knowledge is likely to influence equity perception on tax compliance behaviour.

It should be noted that as much as tax knowledge influences compliance, it also affects the equity perception of taxpayers (Tan, Lau, Kassim, & Mohd, 2021). This means that gaining tax knowledge can change taxpayers' perception of tax equity and thus, tax compliance behaviour. The researcher measured tax knowledge with thirteen (13) questions and a measurement scale of a 1-Lowest agreement to 5-Highest agreement adapted from Magaretha et al. (2020), Farrar et al. (2020) and Tax compliance project report, 2020, UCC).

4.11.4 Mediating Variable

4.11.4.1 Compliance Intention

Compliance intention represents the mediating variable between tax equity perception and tax compliance behaviour. The mediating role of compliance intention implies that equity perception, representing the independent variable, does not directly affect tax compliance behaviour unless it passes through tax compliance intention (mediator). When SMEs develop an equity perception of the tax system, it first influences their tax compliance intention, which in turn causes compliance behaviour. This argument stems from the theory of reasoned action that envisages people's behaviour based on their behavioural intentions. It explains further that the intention to engage in a particular behaviour precedes the actual behaviour (La Barbera & Ajzen, 2020). Compliance intention is measured in this study by using scenario-based questions adapted from Efebera et al. (2004) and Taing and Chang (2021).

Example: Mr Mbilla owns a small business and pays income tax on his business earnings. Mr Mbilla is also a part-time cleaner at a Public University where he earns an annual part-time allowance of GHS10, 000. Assuming you were Mr Mbilla, what percentage of the additional income will you report, file and pay?

4.13 ETHICAL CONSIDERATIONS

A letter of introduction indicating the intent and authenticity of the study was sought from the University of KwaZulu- Natal and submitted to the respondents. A clause assuring respondents of their anonymity, confidentiality and voluntary participation was inserted in the introductory paragraph of the questionnaire. In addition, there was an exclusion of any question that will bring to bear the identity of respondents and their respective establishments.

Furthermore, the researcher strictly adhered to COVID-19 safety protocols as set out by the World Health Organisation (WHO) by (1) wearing a face mask and providing the same to participants (2) using alcohol-based hand sanitiser before the start and after research activity and (3) applying social distancing protocols by given 1-meter interval between participants during focussed group discussion.

When conducting qualitative research, maintaining anonymity is crucial (by using a pseudonym). Although it can be more challenging to maintain secrecy, asking participants to choose their own pseudonyms is a standard practice in qualitative research. After transcription,

the tapes were kept in a private and safe location. The tapes will be destroyed upon the conclusion of the investigation and the creation of a report.

According to Allwood (2012), if a research study is to be approved legally and technically, then the methodology used in conducting the study must adhere to strict ethical guidelines. These factors led to the use of some ethical practices in this research. To guarantee that the research was legitimate, the researcher received written authorisation and gatekeeper approval from the Ghana Revenue Authority (GRA). Ethical clearance approval was also obtained from the University of KwaZulu-Natal ethics committee (Ethical clearance number HSSREC/00003386/2021). Appendix B has the letter of authorisation. As an academic research work, the UKZN School of Accounting, Economics and Finance had to permit the study. The researcher consequently ensured that the school had approved all letters and consent forms submitted before the study was accepted by the UKZN School of Accounting, Economics, and Finance. Participants were also given informed consent forms, making participation in this study voluntary. In actuality, no SME or person was forced to participate in this study. All respondents were made aware of the value of voluntary participation and their freedom to opt out of the study at any time.

4.14 CONCLUSION

This chapter contains a description of the research methodology that was employed for this investigation. It discussed the elements that influenced the strategies and approaches that were chosen. It also detailed the techniques used in the close-ended questionnaire's creation and development. The pilot study process, how it was carried out, and the advantages it provided to the parties involved are also covered in this chapter. It has detailed the questionnaire survey methodologies used in the research. In addition, the chapter described the second phase of data gathering, which included focus group discussion/interviews and their piloting. In summary, the chapter painted a detailed picture of the study's research methodological difficulties and examined how they were addressed.

The next chapter discusses the questionnaire survey results of respondents.

CHAPTER FIVE

ANALYSIS AND DISCUSSION OF THE QUESTIONNAIRE SURVEY RESULTS

5.1 INTRODUCTION

The finding of the questionnaire survey of participants in the study of tax equity perceptions, compliance intention, and compliance behaviour among SMEs in Ghana are initially presented in this chapter. This chapter also presents how SMEs know about tax and what motivates them to pay or not. 478 out of the 595 questionnaires sent out to respondents were retrieved, representing 80 per cent of the total questionnaires. Of the 478 questionnaires, 391, representing 82 per cent of the total questionnaires retrieved from participants, were accepted as valid and usable for the study analysis. This rate of response was valid and acceptable as suggested by Cummings, Savitz, and Konrad (2001) and Umoke, Umoke, Nwimo, Nwalieji, Onwe, Emmanuel Ifeanyi, and Samson Olaoluwa (2020) that a response rate of 50 per cent is acceptable, using a 5 per-cent and 10 per cent significance level. Descriptive and inferential statistics were used in this study to analyse the data. The chapter is structured in this manner: The background information on respondents is provided in Section 5.2, the descriptive statistics of the responses are highlighted in Section 5.3, and the outcomes of statistical analyses performed on the survey data are covered in Section 5.4. This chapter is concluded in Section 5.5.5.2 Respondents' Backgrounds

Personnel characteristics of respondents play a vital role in expressing and offering comments regarding an issue in social science study. Considering this, a set of personal variables, such as gender, age, educational level, years in business, nature of business, registration status, average income and tax payment frequency, are explored in this section of the study to provide a deeper understanding of respondents' backgrounds.

5.2 DEMOGRAPHIC DATA

5.2.1 Gender

The first among these demographic characteristics are gender; in social science research, understanding respondents' status on gender is very crucial, especially where the study requires respondents to express their views on a particular issue that is of interest to the researcher. Respondents' status of being male or female depicts a level of representation to warrant a

generalisation based on their responses. The table below presents the study's number of male and female participants.

Table 5. 1 Gender of respondents

GENDER	Frequency	Per cent
FEMALE	219	56
MALE	172	44
Total	391	100

From the table above, 219 respondents representing 56%, are females and 172 respondents representing 44%, are males. The number of females outnumbers that of males. However, the percentage of male respondents in the study can represent the entire population. It could also mean there are more female population in the SME sector than males. The findings of the questionnaire survey were consistent with the focus group interview. It was noted that there were more female participants than males during the focus group discussion.

5.2.2 Age of respondents

The age of participants reveals essential information about how youthful or old the population of the study represent. The age distribution hints at the category of respondents that falls within the working force, therefore, have a major contribution to make in terms of tax compliance in the country.

Table 5. 2 Age of respondents

AGE (YEARS)	Frequency	Per cent
1 18-25	143	36.6
2 26-35	142	36.3
3 36-45	90	23
4 46 YEARS AND ABOVE	16	4.1
Total	391	100

From the table above, the age of respondents indicated that 143 respondents (36.6%) were in the age range of 18-25, and 142 respondents (36.3%) were in the range of 26-35 years. Respondents between 36 and 45 were 90 (23%), and 16 (4.1%) respondents were between the

46 and above years bracket. The age distribution hints that most of the respondents fall within the working force, therefore, have a significant role to play in the nation's tax compliance. The age distribution also shows that younger people are starting SME operations. The rising level of unemployment in the country could explain it, making it impossible for the youth to get jobs after successful graduation from Tertiary education. This result is consistent with the respondents' level of education, where the majority of 121 (30.9) respondents are tertiary education graduates.

5.2.3 Educational Level

Education is a difficult topic to assess through surveys, and a person's educational accomplishment is only one of many possible indicators of their educational experience (Smith, 1995). As a result, it is essential to develop a valid and useful measure of educational achievement. Controlling a person's educational level is a common technique even if it is not directly theoretically relevant for a particular study because this variable correlate strongly with many other factors. The highest level of education is therefore displayed in the following table (of each respondent).

Table 5. 3 Educational Level of Respondents

Education	Frequency	Per cent
INFORMAL	111	28.4
BASIC EDUCATION	56	14.3
SECONDARY	103	26.3
TERTIARY	121	30.9
Total	391	100

The results from the table above demonstrated the highest educational attainment of respondents. The educational qualification of respondents shows a seemingly even distribution across the various levels of education. The majority of the respondents, 121(30.9%) and 111(28.4%) have their highest qualifications being tertiary and informal, respectively. At least, all the respondents can read and write since all the respondents have a minimum level of literacy.

5.2.4 Number of years in business

The length of time a person has been in business can have a good or negative effect on how well he understands tax laws and the procedures involved in paying taxes. The SMEs' years in business are displayed in the table below.

Table 5. 4 Number of Years in Business

	Frequency	Per cent
1 BELOW 4 YEARS	207	52.9
2 4-5 YEARS	114	29.2
3 6-7 YEARS	44	11.3
4 7 YEARS AND ABOVE	26	6.6
Total	391	100

Table 5.4 shows the number of years respondents have operated their businesses. 207, the majority of respondents representing 52%, have operated their businesses for less than four years, 114 (29.2%) and 44 (11.3%) have operated their businesses for four to five years and one to seven years, respectively. The results revealed that most respondents have been in business for one to seven years. This group of respondents should have extensive knowledge regarding the area of businesses and have gained enough experience in dealing with tax issues hence, their views will improve the reliability of the study.

5.2.5 Nature of Business

The nature of the business or the sector in which SMEs operate their businesses is critical to their understanding of the tax system and compliance issues. The results below show the nature of business operated by SMEs.

Table 5. 5 Nature of Business

	Frequency	Per cent
1 AGRIC RELATED	102	26.1
2 COMMERCE	163	41.7
3 SERVICE	126	32.2
Total	391	100

Table 5.5 above also depicts the nature of businesses operated by SMEs. 163, being the majority of respondents representing 41.7%, have their businesses operating in the commerce sector, 126 (32.2%) of respondents operating in the Service Sector and 102 (26.1%) have their

businesses operating in the Agric Related Sector. The nature of business shows a seemingly even distribution across the various trade categories. The results revealed that most respondents are either into buying and selling or providing services. This group of respondents should have extensive knowledge regarding the area of businesses and have gained enough experience in dealing with tax issues hence, their views will improve specific tax policy implementation.

5.2.6 Business Registration

The first level of determining compliance is whether the business is legally registered or not. Below are the results of the SMEs' registration status.

Table 5. 6 Business Registered

ISBUZ REGISTERED	Frequency	Per cent
YES	335	85.7
NO	56	14.3
Total	391	100

From table 5.6, respondents were asked if their businesses were registered or not with the ISBUZ. The results above reveal that the majority of respondents, 335 representing 85.7%, responded 'Yes', while the minority of the respondents, 56, also representing 14.3%, answered in the negative (No).

5.2.7 Average Annual Incomes

This study section set out to determine the average income level that SMEs earn daily.

Table 5. 7 Annual Incomes

AVERAGE ANNUAL INCOMES	FREQUENCY	PERCENTAGE
0-5000	18	4.55%
5001-10000	53	13.64%
10001-15000	71	18.18%
15001-20000	53	13.64%
20001-25000	36	9.09%
25001-30000	18	4.55%
30001-35000	36	9.09%
35001-40000	53	13.64%
40001-45000	18	4.55%
45001-50000	0	0.00%
50001-100000	36	9.09%
TOTAL	391	100.00%

From the table above, the annual income of SMEs indicated that 4.55% of respondents were in the income range of 0 – 5000 Ghana Cedis, SMEs in the income range of 50001-10,000, 15001-20,000 and 35001-40000 constituted 13.64% each. Also, 18.18% of the SMEs earned annual income between 1001 and 15000. The income distribution hints that most SMEs fall within the income brackets 5001-40,000 Ghana Cedis, therefore, have a major contribution to make in terms of tax compliance in the country. The average annual incomes were computed using the average quadratic method.

5.2.8 Tax Identification Number

Respondents under this section were asked to indicate if their businesses were registered with Tax Identification Number (TIN) from Ghana Revenue Authority (GRA).

Table 5. 8 Do you have a Tax Identification Number?

TIN	Frequency	Per cent
1 YES	329	84.1
2 NO	62	15.9
Total	391	100

From table 5.8, respondents were asked if their businesses were registered with Tax Identification Number (TIN). The results above reveal that the majority of respondents, 329

representing 84.1%, responded ‘Yes’, while the minority of the respondents, 62, also representing 15.9%, answered negatively (No). These results are again consistent with SMEs who have registered their business with Ghana Revenue Authority (GRA).

5.2.9 Tax Payment Frequency

The table below presents the results of respondents on the frequency at which their businesses pay taxes.

Table 5. 9 Tax Payment Frequency

	Frequency	Per cent
VERY OFTEN	163	41.7
OFTEN	145	37.1
ONCE A WHILE	45	11.5
I DO NOT PAY ANY TAX	38	9.7
Total	391	100

From table 5.9, the frequency of the respondents' business tax payments was requested. The results above reveal that majority of respondents, 163 and 145, representing 41.7% and 37.1%, pay taxes very often and often, respectively. These results are again consistent with most SMEs who have registered their business with Ghana Revenue Authority (GRA) and paid their taxes.

5.3 DESCRIPTIVE STATISTICS

Usually, describing a data set comes first in any data study. There are three categories of descriptive statistics: Frequency or percentage summary of the sample and metrics provided. Variance, standard deviation, interquartile range, percentile, range, and coefficient of variation are examples of measures of dispersion or variation. Examples of metrics of central tendency include mean, median, and mode (CV). Categorical data are often measured using frequencies, while quantitative data are measured using other methods (Mishra et al., 2019). The primary characteristics of the study's data are outlined and described using descriptive statistics. The frequency table, ranking, mean, median, mode, skewness, kurtosis, and standard deviation are the most frequent components of the data.

5.3.1 Analysis and interpretation of the frequency distribution of responses to the statements about SMEs' perceptions of tax equity

The frequency of responses (in percentages) to the statements covered in the questionnaire is presented in the subsections below. Variables with codes VE2, VE3 and VE5 were deleted for recording poor factor loading as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency.

Table 5. 10 Analysis and interpretation of the frequency distribution of responses to the statements about SMEs' perceptions of vertical tax equity and compliance practices in Ghana

Codes	Indicators	Lowest agreement		Low agreement		Agreement		high agreement		Highest agreement	
Codes	Indicators	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
	Tax equity										
	Vertical equity										
VE1	the amount of government income taxes that I pay when compared to those who earn more money than me is fair?	245	62.70	81	20.70	50	12.80	11	2.80	4	1.00
VE4	Compared to wealthy taxpayers, people like me pay a smaller percentage of our incomes in taxes.	118	30.20	95	24.30	78	19.90	64	16.40	36	9.20
VE6	Richer taxpayers contribute a greater portion of their income to the government than taxpayers like me.	152	38.90	97	24.80	46	11.80	41	10.50	55	14.10

The findings from the table above showed that the majority of SMEs in Ghana, 245, representing 62.70%, do not believe that the amount of income taxes they pay to the government is fair when compared to others who earn more money than they do, indicating the lowest agreement to the statement. In addition, the findings showed that 30.20 per cent and 24.30 per cent of respondents indicated the lowest agreement and low agreement with the statement that “people like me pay a lower share of our incomes as taxes than the rich taxpayers”. Furthermore, 152 respondents representing 38.40 per cent and 97 respondents representing 24.80 per cent indicate lowest agreement and low agreement, respectively, with the statement that “rich taxpayers pay a larger share of their incomes as taxes than taxpayers like me”. The implication is that SME owners in Ghana consider vertical equity essential to their voluntary compliance behaviour and hence would comply if they perceived the tax system as fair.

Table 5. 11 Analysis and interpretation of the frequency distribution of responses to the statements about SMEs' perceptions of horizontal tax equity and compliance practices in Ghana

Codes	Indicators	Lowest agreement		Low agreement		Agreement		High agreement		Highest agreement	
Codes	Indicator	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
	s										
	Tax										
	equity										
	Horizontal Equity										
HE2	Most	118	30.20	92	23.50	47	12.00	85	21.70	49	12.50
	people										
	who										
	make the										
	same										
	amount										
	of money										
	as me pay										
	more in										
	taxes than										
	I do.										

HE5	Compare	147	37.60	120	30.70	65	16.60	31	7.90	28	7.20
	d to most										
	people										
	who earn										
	roughly										
	the same										
	as I do, I										
	pay less										
	in taxes.										

Note that, the variables with codes HE1, HE3 and HE4 were deleted for recording poor factor loading as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency.

The findings from the table above show that most SME owners in Ghana, 118, representing 30.20 per cent and 92 of the respondents also representing 23.50 per cent respectively, do not believe that most people who make approximately the same amount of money as them pay more tax than they do. Because of this, respondents indicated the lowest and low agreement with the statement in the negative. Furthermore, 147 respondents representing 37.60 per cent and 120 respondents representing 30.70 per cent indicate the lowest agreement and low agreement respectively to the statement: “I pay less taxes than most people who make the same income as I do”. The implication is that SME owners in Ghana consider horizontal equity perceptions important to their voluntary compliance behaviour. Hence, they would comply if they perceived the tax system as fair among taxpayers in similar or same income brackets.

Table 5. 12 Analysis and interpretation of the frequency distribution of responses to the statements about SMEs' perceptions of exchange tax equity and compliance practices in Ghana

Codes	Indicators	Lowest agreement		Low agreement		Agreement		High agreement		Highest agreement	
Codes	Indicators	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Tax equity											
Exchange equity											
EE1	I think the amount of income taxes I pay compared to the number of services I get back from the government is fair.	253	64.70	62	15.90	53	13.60	23	5.90		
EE4	I receive fewer benefits from the federal government than I pay in income taxes.	135	34.50	83	21.20	66	16.90	65	16.60	42	10.70
EE5	I am satisfied with the amount of benefits I receive from the government compared to the amount of taxes I pay.	162	41.40	105	26.90	49	12.50	59	15.10	16	4.10

Variables with codes EE2, and EE3 were deleted for recording poor factor loading as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency. The results from the table above showed that 253 SMEs in Ghana, or 64.70 per cent of all SMEs, do not believe that the amount of income taxes they pay is fair given the number of services they receive from the government, hence indicating the lowest agreement to the statement. In addition, the findings showed that 135 and 83 respondents representing 34.50 and 22.20 per cent, respectively, indicated the lowest agreement and low agreement with the statement "I pay less as income than I receive in services from the government." Furthermore, 162 respondents representing 41.40 per cent and 105 respondents, also representing 26.90 per cent, indicate the lowest agreement and low agreement, respectively, to the statement "I am satisfied with the quantity of government benefits I receive in relation to the taxes I pay,". Judging from the responses above, it is clear that most SME owners in Ghana view exchange equity as important to their voluntary compliance behaviour. Hence, they would comply if they perceived the tax system as fair.

Table 5. 13 Analysis and interpretation of the frequency distribution of responses to the statements about SMEs' perceptions of Compliance Intention and Compliance Behaviour among SMEs in Ghana

Codes	Indicators	Lowest Agreement		Low Agreement		Agreement		High Agreement		Highest Agreement	
CODES	INDICATORS	FREQ	%	FREQ	%	FREQ	%	FREQ	%	FREQ	%
	COMPLIANCE INTENTION										
CI1	If I were in Mr Mbilla's situation, I would report and file returns on all the GHS10,000 additional income.	249	63.70	77	19.70	42	10.70	15	3.80	8	2.00
CI2	If I were in Mr Mbilla's situation, I would not report and file returns on all the GHS10, 000 additional income but a part of it.	110	28.10	90	23.00	72	18.40	85	21.70	34	8.70
CI4	If I were Mr Mbilla, I would likely report and file returns on the additional GHS10, 000 income from the part-time business.	148	37.90	110	28.10	71	18.20	50	12.80	12	3.10

The statistics from the table above showed that the majority of SME owners in Ghana, 249 representing 63.70 per cent, do not think that if they were in Mr Mbilla's situation, they would report and file returns on all the additional GHS10,000 income and hence indicated lowest agreement to the statement. Also, the findings showed that 28.10 and 23.00 per cent of respondents indicated the lowest agreement and low agreement with the statement if "I were in Mr Mbilla's situation, I would not report and file returns on all the GHS10,000 additional income but a part of it". Furthermore, 148 respondents representing 37.90 per cent and 110 respondents representing 28.10 per cent indicate the lowest agreement and low agreement, respectively, to the statement, "If I were Mr Mbilla, I would likely report and file returns on the additional GHS10,000 income from the part-time business".

This study implies that most SME owners in Ghana think compliance intention greatly influences their attitude towards voluntary compliance behaviour. This finding was in line with the regression results, which indicated a favourable correlation between compliance intention and compliance behaviour. Note that, the variables with codes CI3 and CI5 from the questionnaire in appendix B were deleted for recording poor factor loading as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency.

Table 5. 14 Analysis and interpretation of the frequency distribution of responses to the statements about SMEs' perceptions of tax knowledge and Compliance Behaviour among SMEs in Ghana

Codes	Indicators	Lowest agreement		Low agreement		Agreement		High agreement		Highest agreement	
Codes	Indicators	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
	TAX KNOWLEDGE										
TPK1	I think it is important to know the physical location of the tax office to honour my tax obligation	60	15.30	84	21.50	96	24.60	67	17.10	84	21.50
TPK3	I am aware that GRA collects taxes on behalf of the Government	14	3.60	40	10.20	97	24.80	113	28.90	127	32.50
TPK8	I have enough knowledge of tax filing, reporting and payment.	67	17.10	75	19.20	92	23.50	66	16.90	91	23.30
TPK10	I know that it is my obligation as a taxpayer to file tax returns	13	3.30	62	15.90	59	15.10	153	39.10	104	26.60
TPK11	I am aware that it is a criminal offence to not comply with the general provisions and Tax Procedure	32	8.20	72	18.40	87	22.30	104	26.60	96	24.60
TPK12	I know that when GRA detects an error in filing returns for my firm, it attracts a tax penalty.	62	15.90	53	13.60	100	25.60	95	24.30	81	20.70
TPK13	I know that Failure to file a return on time attracts a penalty and a daily fine	40	10.20	67	17.10	87	22.30	92	23.50	105	26.90

Variables with codes TPK4 and TPK5 from the questionnaire in appendix B were deleted for recording poor factor loading as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency. The results from the table above showed that the majority of SMEs owners in Ghana, 96 representing 24.60 per cent, 67 representing 17.10 per cent, and 84 representing 21.50 per cent, believe that knowing the exact location of the tax office is crucial for them to fulfil their tax duties. Hence, they indicated agreement, high agreement and highest agreement respectively to the statement “I think it is important to know the physical location of the tax office to honour my tax obligation”. 127 and 113 respondents representing 32.50 and 28.90 per cent, respectively, indicated the highest agreement and low agreement with the statement “I am aware that GRA collect taxes on behalf of the government”. All respondents expressed mixed expressions to the statement, “I have enough knowledge on tax filing, reporting and payment”. The majority of respondents, 153 and 104, representing 39.10 and 26.60 per cent respectively, indicated high agreement and highest agreement respectively to the statement “I know that it is my obligation as a taxpayer to file tax returns”. 104 representing 26.60 per cent, 96 representing 24.60 per cent, and 87 representing 22.30 per cent indicated high agreement, highest agreement and agreement respectively to the statement “I am aware that it is a criminal offence for not complying with the general provisions and Tax Procedure”. Again, the findings reveal that the majority of respondents, 100 representing 25.60 per cent, 95 representing 24.30 per cent, and 81 representing 20.70 per cent, indicated high agreement, highest agreement and agreement to the statement “I know that when GRA detects an error in filing returns of my firm, it attracts a tax penalty”. Finally, 105 respondents representing 26.90 per cent and 92 respondents representing 23.50 per cent, indicate the highest agreement and high agreement, respectively to the statement “I know that Failure to file a return on time attracts a penalty and a daily fine”. Judging from the responses above, it is clear that most SMEs in Ghana view tax knowledge as important to their voluntary compliance behaviour and would comply if they have good knowledge about the tax system and laws.

Table 5. 15 Analysis and interpretation of the frequency distribution of responses to statements about the economic drivers of tax compliance among SMEs in Ghana

Codes	Indicators	Strongly disagree		Disagree		Least agree		Agree		Strongly agree	
Codes	Indicators	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
EM1	Because the tax rates are "okay" for me to pay, I fulfil my tax duties	238	60.90	57	14.6	53	13.6	32	8.20	11	2.80
					0		0				
EM2	Because tax auditors visit me to review my tax returns, I consistently complete and file my tax return.	79	20.20	67	17.1	96	24.6	105	26.90	44	11.3
					0		0				0
EM3	I pay my taxes on time because the government spends the tax money wisely.	145	37.10	69	17.6	56	14.3	97	24.80	24	6.10
					0		0				
EM4	I file my taxes because I receive government benefits.	149	38.10	60	15.3	53	13.6	100	25.60	29	7.40
					0		0				
EM5	Because the tax rate is transparent, I always file my tax returns with the appropriate authorities.	130	33.20	83	21.2	69	17.6	82	21.00	27	6.90
					0		0				

The results from the table above show that the majority of SMEs owners in Ghana, 238 representing 60.90 per cent and 57 representing 14.60 per cent, do not think that the tax rate is okay for them to pay and hence indicated strongly disagree and disagree with the statement “I comply with my tax obligations because the tax rate is “ok” for me to pay”. The results mean that Ghana's SME owners perceive the tax rate to be high and will find ways to avoid payment. Also, the findings showed that 26.90 and 24.60 per cent of respondents agree and least agree with the statement “For the reason that tax auditors come to my home to check my tax returns, I consistently complete and file my tax return”. Again, 145 respondents representing 37.10 per cent and 69 respondents, also representing 17.60 per cent, strongly disagree with the statement, "I comply with my tax obligations because the government judiciously spends the tax revenue”. Furthermore, 149 representing 38.10 per cent and 60, representing 15.30 per cent, do not think they benefit from the government. They strongly disagree and disagree with the statement, “I file my tax returns because I receive benefits from the government”. Finally, 130 of the respondents, representing 33.20 per cent and 83 respondents, also representing 21.20 per cent, do not think the tax system is transparent and hence responded with strongly disagree and disagree, respectively to the statement “tax rate is transparent, so I always file my tax returns to tax authorities”. This result implies that most SME owners in Ghana think compliance intention greatly influences their attitude towards voluntary compliance behaviour. This result is in line with the regression results, which indicated a substantial positive association between economic motivators and compliance behaviour.

Table 5. 16 Analysis and interpretation of the frequency distribution of responses to statements about the institutional drivers of tax compliance among SMEs in Ghana

Codes	Indicators	Strongly Disagree		Disagree		Least agree		agree		Strongly agree	
Codes	Indicators	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
ISM1	I file and pay my taxes because tax authorities allow me to do so voluntarily	198	50.60	111	28.40	51	13.00	27	6.90	4	1.00
ISM2	My tax returns are always filed because it is simple for me to file the tax returns	135	34.50	68	17.40	42	10.70	103	26.30	43	11.00
ISM3	The administrative process is simple for me to file my tax returns at the tax office	139	35.50	75	19.20	76	19.40	58	14.80	43	11.00
ISM4	I always file my tax returns since it is simple for authorities to identify defaulters.	112	28.60	78	19.90	91	23.30	62	15.90	48	12.30
ISM5	I file my taxes because there is no complicated paperwork to fill out nor any secret information in the process of filing tax returns.	124	31.70	68	17.40	62	15.90	82	21.00	55	14.10

From table 5.16 above, the results show that the majority of SME owners in Ghana, 198 representing 50.60 per cent and 111 representing 28.40 per cent, do not think that the tax authority makes tax voluntary for them to pay and, for that matter, indicated strongly disagree and disagree to the statement “I file and pay my tax return because tax authorities make it voluntary for me to file”. Also, the findings show that 135 (34.50%) and 68 (17.40%) of respondents, respectively strongly disagree and disagree with the statement, “My tax returns are always filed because it is simple for me to file the tax returns”. Again, 139 respondents representing 35.50 per cent and 75 respondents representing 19.20 per cent, strongly disagree with the statement that I find the administrative procedure to file my tax returns at the tax office to be straightforward. Furthermore, 112 representing 28.60 per cent and 78, representing 19.90 per cent, disagree that it is easy for tax authorities to detect defaulters. Finally, 124 of the respondents representing 31.70 per cent and 68 respondents, also representing 17.40 per cent, responded with strongly disagree and disagree, respectively, to the statement that I always file my tax returns because there is no complicated paperwork to fill out nor any personal information involved. This study implies that most SMEs in Ghana think that if the tax administration system is simple and easy for them to pay and file taxes, their compliance behaviour will improve. This result is consistent with the regression results, which indicated a substantial positive association between institutional motivators and compliance behaviour.

Table 5. 17 Analysis and interpretation of the frequency distribution of responses to statements about the individual drivers of tax compliance among SMEs in Ghana

Codes	Indicators	Strongly disagree		Disagree		Least agree		agree		Strongly agree	
Codes	Indicators	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
IDM1	I file and pay my tax because I manage my finances well so that I can pay	79	20.20	78	19.90	71	18.20	93	23.80	70	17.90
IDM3	I always pay my taxes on time since there are serious penalties for not doing so	8	2.00	49	12.50	105	26.90	129	33.00	100	25.60
IDM5	As a business owner, I believe that completing my tax return will enhance my company's reputation.	12	3.10	31	7.90	53	13.60	130	33.20	165	42.20

Note that, the variables with codes IDM2 and IDM4 from the questionnaire in appendix B were deleted for recording poor factor loadings as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency.

The results from the table above show that 93 respondents representing 23.80 per cent, 70 respondents representing 17.90 per cent, 78 respondents representing 19.90 per cent, and 79 representing 20.20 per cent had mixed expressions on managing their finances well to enable them to pay their taxes and therefore indicated strongly agree, agree, least agree and strongly disagree to the statement “I file and pay my tax because I run my finances well so that I can pay”. Also, the findings showed that 129 respondents representing 33.00 per cent, 105 (26.90%) respondents and 100, representing 25.60 per cent of respondents respectively, indicated agree, least agree and strongly agree with the statement “Defaulting tax obligation has severe penalties, so I always comply with my tax obligations”. Finally, the majority of 165 respondents representing 42.20 per cent and 130 respondents, also representing 33.20 per cent, strongly disagree and disagree with the statement as an owner of a business “I feel that filing my tax return will help my business image”. This study implies that most SME owners in Ghana think that individual financial circumstances, attitudes and the reputation of SMEs greatly influence voluntary compliance behaviour. This finding is consistent with the regression results that revealed a positive relationship between individual motivators and compliance behaviour.

Table 5. 18 Analysis and interpretation of the frequency distribution of responses to statements about the social drivers of tax compliance among SMEs in Ghana

Codes	Indicators	Strongly disagreement		Disagree		Least agree		agree		Strongly agree	
Codes	Indicators	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
SM2	I submit my tax return because doing so will allow me to fairly and equally fulfil my obligation to contribute to national development.	83	21.20	37	9.50	64	16.40	135	34.50	72	18.40
SM3	Because of changes in government policy, I can readily file my tax returns.	134	34.30	82	21.00	43	11.00	89	22.80	43	11.00

Table 5.18 demonstrates that the majority of the 135 respondents (34.50%) and the 72 respondents (18.40%) said they agreed or strongly agreed with the statement, "I submit my tax return because it is reasonable and fair to give my quota to the national development." Also, the findings revealed that 134 respondents representing 34.40 per cent and 82 respondents representing 21.00 per cent, respectively, strongly disagree and disagree with the statement "Because of changes in government policy, I can readily file my tax returns". This study implies that most SME owners in Ghana do not think changes in current government policy will allow them to file their tax returns. This result is in line with the regression results, which indicated a substantial positive association between social motivators and compliance behaviour. Note that, the variables with codes SM1 and SM5 from the questionnaire in appendix B were deleted for recording poor factor loadings as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency.

Table 5. 19 Analysis and interpretation of the frequency distribution of responses to statements about tax compliance among SMEs in Ghana

Codes	Indicators	Strongly disagree		Disagree		Least agree		agree		Strongly agree	
Codes	Indicators	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
	Compliance behaviour										
	TAX PAYMENT COMPLIANCE										
TPC1	I think that complying with tax payment regulations is a very good practice	69	17.60	90	23.00	101	25.80	62	15.90	69	17.60
TPC3	There has not been any time when I was unable to pay all my taxes	41	10.50	62	15.90	91	23.30	94	24.00	103	26.30
TPC5	Society values and respect people who honour their tax obligations	23	5.90	45	11.50	84	21.50	123	31.50	116	29.70
	SUBMISSION & FILLING OF RETURNS										
SFR1	There has not been any time when I was unable to file all my taxes	132	33.80	119	30.40	62	15.90	7	1.80	71	18.20
SFR4	As a member of a group, we file our tax returns to protect our image	52	13.30	65	16.60	125	32.00	55	14.10	94	24.00
SFR5	It is wrong to wait for tax authorities to chase me before filling out a tax return	59	15.10	75	19.20	132	33.80	14	3.60	111	28.40
SFR6	Filing and submission of tax returns are necessary.	37	9.50	50	12.80	162	41.40	29	7.40	113	28.90
	REPORTING & DECLARATION OF INCOME										
RDI1	It is wrong not declaring all my income for tax payment	139	35.50	109	27.90	66	16.90	11	2.80	66	16.90
RDI2	Reporting and declaring my income are required by law	32	8.20	78	19.90	114	29.20	29	7.40	138	35.30
RDI3	I fear the punishment of understating my income	42	10.70	68	17.40	96	24.60	52	13.30	133	34.00
RDI5	There has not been any time when I could not declare or report all my income for tax payments.	69	17.60	70	17.90	137	35.00	30	7.70	85	21.70

The variables with codes TPC4, SFR2, SFR3 and RDI4 from the questionnaire in appendix B were deleted for recording poor factor loading as suggested by Hair et al. (2010) and were also deleted from the frequency distribution analysis for consistency.

From table 5.19 above, the results show that 101, representing 25.80 per cent and 69, representing 17.40 per cent of respondents, agree and strongly agree with the statement “I think complying with tax payment regulations is a very good practice”, whereas 69, representing 17.6 per cent, and 90, representing 23 per cent, strongly disagreed and disagreed with the statement. Also, the findings show that 103 (26.30%) and 90 (24.00%) of respondents strongly agree and agree with the statement “there has not been any time when I was unable to pay all my taxes”. Again, 116 respondents representing 29.70 per cent and 123 respondents representing 31.50 per cent strongly agree with the statement “Society values and respects people who honour their tax obligations”. Furthermore, the majority of respondents, 132 representing 33.80 per cent and 119 representing 30.40 per cent, strongly disagree with the statement, "There has not been any time when I could not file all my taxes". In addition, 162 of the respondents representing 41.40 per cent and 113 respondents also representing 28.90 per cent responded with least agree and strongly agree respectively to the statement that “Filing and submission of tax returns are necessary”. The results are similar to the statement “It is wrong to wait for tax authorities to chase me before filing a tax return and as a member of a group, we file our tax returns to protect our image”. Finally, the majority of respondents, 139 representing 35.50 per cent and 109 representing 27.90 per cent, strongly disagree and disagree, respectively, with the statement “it is wrong to not declare all my income for tax payment”. This, therefore, implies that if the government wants to improve compliance behaviour among SMEs in Ghana, factors such as tax equity, compliance intention, tax knowledge, economic motivators, institutional motivators and social motivators must be given critical attention.

5.3.2 Analysis of the Mean and Standard Deviation (SD) of Responses to Questions Regarding Ghanaian SMEs' Perceptions of Tax Equity

The previous sub-section reported the percentages of strongly disagree, disagree, least agree, agree and strongly agree with responses. Analysing the responses may be accomplished if the mean values and standard deviations of the assertions' responses are given. The following tables below show the mean scores and standard deviations of the responses to the 43 statements.

Table 5. 20 Analysis of the Mean and Standard Deviation (SD) of Responses to Statements on Tax Equity Perceptions and Compliance Behaviour Among SMEs in Ghana

DESCRIPTIVE STATISTICS	N	Mean	S. D
TAX EQUITY			
Vertical Equity			
VE1 I believe that my tax burden is reasonable when compared to those of those who earn more money than I do.	391	1.59	0.89
VE4 Compared to wealthy taxpayers, people like myself pay a smaller percentage of our incomes in taxes.	391	2.50	1.32
Rich people pay a higher percentage of their income in taxes than ordinary taxpayers do.	391	2.36	2.15 1.44 1.22
Horizontal Equity			
HE2 Most people who earn the same income as me, pay more taxes than I do.	391	2.63	1.42
HE5 I pay less taxes compared to most people who make about the same income as I do.	391	2.16	2.40 1.22 1.32
Exchange Equity			
EE1 I think the amount of income taxes I pay compared to the amount of services I get back from the government is fair.	391	1.61	0.93
EE4 I pay less as income taxes than I receive in services from the central government.	391	2.48	1.39
EE5 I am satisfied with the amount of benefits I receive from the government compared to the amount of taxes I pay.	391	2.14	2.08 1.22 1.18
Total		2.18	1.23

The perception of vertical equity among SMEs in Ghana is depicted in the table above (Table 5.21) with mean scores of 1.59 (VE1), 2.50 (VE4), and 2.36 (VE6), which add up to a total mean score of 2.15 for all 391 respondents. The assertion that “the amount of government income taxes I pay in comparison to others who make more money than me is fair” has the lowest significant mean score for SMEs (at 1.59). This statement was vehemently opposed as 326 out of the 391 respondents indicated the lowest and low agreement, as shown in the frequency distribution table. The findings could mean that most SME owners do not think the taxes they pay to the government are fair and will therefore not comply with their tax obligations. Although honouring one’s tax obligations and abiding by all tax laws and regulations is a mandatory requirement by law, taxpayers will find several ways to either avoid or evade payment of legally due taxes if they believe that the taxation system is unfair. Equity and ethics are meant to inspire people to behave honourably, but it seems less consistent with a taxpayer who has a negative view of tax evasion (Kirchler et al. 2016). According to surveys conducted in Germany (Schmolders, 2014), about half of the respondents engaged in tax evasion. But only a third of respondents considered tax evaders to be criminals. Orviska and Hudson (2002) and Trivedi, Shehata and Mestelmen (2004) revealed a strong (though tenuous) link between tax compliance, justice, and ethics (2005). Tax evasion is influenced by several fiscal views, including tax ethics and the fairness of taxation (Jackson & Milliron 2016). Again, the study of Jun et al. (2018) also reveals a significant positive relationship between religiosity and vertical equity, implying that economic and social incentives are more effective than religiosity and religion on taxpayers’ morale. The three statements measuring Vertical Equity recorded an average mean score of 2.15, close to 2 indicating that SMEs in Ghana do not perceive the tax system as vertically equitable. The findings were confirmed by the regression results in table 5.6, which revealed a positive relationship between Vertical Equity and Compliance Behaviour. The findings of this study are clear by an average standard deviation score of 1.22, as shown in the table above.

The perception of Horizontal Equity among SMEs in Ghana in Table 5.20 above shows that the mean scores of the responses to the assertions are 2.63 for HE2 and 2.16 for HE5, resulting in an overall mean score of 2.40 and a standard deviation score of 1.32 for all 391 respondents. The statement “I pay lower taxes compared to most persons who earn roughly the same as I do” has the lowest significant mean score (at 2.16 by SMEs). This statement was again opposed as 267 out of the 391 respondents indicated the lowest and low agreement, as shown in the

frequency distribution table. Again, most SME owners think they pay more taxes to the government than those in the same or similar income brackets and therefore do not perceive equity in paying their taxes. Although honouring one's tax obligations and obeying all tax laws and regulations is a mandatory requirement by law, taxpayers will find several ways to either avoid or evade payment of legally due taxes if they perceive the taxation system to be unjust. Voluntary compliance is expected to rise as taxpayers feel that the tax system is fair and equal. Governments must take steps to guarantee that tax revenues are used properly and that the nation's wealth is divided fairly so that everyone benefits from paying the required amount of taxes. (Mbilla et al. 2018).

The results of this investigation differ from the studies of Efebera et al. (2004), Margaretha et al. (2020), Azemi et al. (2020), and Farrar et al (2020). They discovered that perceptions of horizontal equity harm tax compliance behaviour. It implies that the nature of equity perceptions and the psychological mechanisms that give rise to such perceptions are still not fully understood. They stated that this kind of notion of equity about tax payment would lead to an increase in non-compliant behaviour. However, other studies, such as Abdul et al. (2020), found an insignificant relationship between horizontal equity perception and tax compliance behaviour. The two statements measuring Horizontal Equity produced an average mean score of 2.40, indicating that Ghana's SME owners view the tax system as vertically inequitable. The findings were confirmed by the regression results in table 5.34, which revealed a positive (but weak) relationship between Compliance Behaviour and Horizontal Equity. The findings of this study are clear by an average standard deviation score of 1.32, as shown in the table above.

The perception of Exchange Equity among SMEs in Ghana in the answers to the statements has mean and standard deviation scores of 1.61 and 0.93 for EE1, 2.48 and 1.39 for EE4, and 2.14 and 1.22 for EE5, respectively. The aggregate mean score for all 391 respondents is 2.08, and the standard deviation score is 1.18, as shown in the table above (Table 5.20). SMEs' highest notable mean standard deviation scored 2.48 and 1.39 on the statement "I pay less as income taxes than I receive in services from the central government". The results indicate that the respondents somewhat disagree with the statement by implying that the taxes they pay are more than the benefits received from the government. The statement "I think the amount of income taxes I pay compared to the number of services I receive from the government is fair" also received the lowest significant mean and standard deviation scores of 1.61 and 0.93. This statement was again strongly opposed as 315 out of the 391 respondents answered with a low

and lowest agreement with the statement as revealed in the frequency distribution table 5.6. Exchange equity assumes that taxpayers desire their tax contributions to be matched by the benefits they receive from the government. Even if paying taxes is a requirement under the law, the taxpayer nonetheless wants the government to provide society with an equitable return. The majority of taxpayers, particularly SME owners, do not believe that they are receiving a fair return from society (Jun et al. 2018, Azemi et al., 2020). As a result, the majority of SMEs choose to ignore tax regulations. Fiscal exchange theory further outlined how the government may increase tax compliance by more effectively contributing to society (Jun et al., 2018; Moore, 2004). Azemi et al. (2020) also stated that non-compliance is expected to rise in areas where taxpayers believe the tax system to have low exchange fairness. Furthermore, Abdul et al. (2020), Margaretha et al. (2020), and Azemi et al. (2020) discovered a statistically significant relationship between exchange equity perception (fairness) and tax compliance behaviour. The authors also made the case that to improve tax compliance, governments and taxing bodies must offer taxpayers advantageous services that alter their impression of equality. The notion of exchange equality, however, had little to no impact on tax compliance behaviour (Farrar et al., 2020). The results of the current investigation are consistent with the findings of Farrar et al. (2020). The three statements measuring Exchange Equity recorded an average mean score of 2.08, indicating that SMEs in Ghana perceived the tax system as inequitable. The findings were confirmed by the regression results in table 5.6, which revealed a positive (but weak) relationship between Compliance Behaviour and Exchange Equity. The findings of this study are clear by an average standard deviation score of 1.18, as shown in the table above.

Finally, all 391 participants in this study who responded to the survey about tax equity had an overall average mean score of 2.18 and a standard deviation of 1.23. The results again confirmed a low and lowest agreement to all the eight (8) statements used to measure Tax Equity Perception among SMEs in Ghana. The study concludes that Ghana's SME owners do not perceive the tax system as equitable and fair. Note that variable codes that do not appear in this section were deleted due to poor factor loadings as explained above.

Table 5. 21 Analysis of the Mean and Standard Deviation (SD) of Responses to Statements on Compliance Intention Among SMEs in Ghana

COMPLIANCE INTENTION	N	Mean	S. D
CI1 If I were in Mr Mbilla's situation, I would report and file returns on all the GHS10,000 additional income.	391	1.61	0.97
CI2 If I were in Mr Mbilla's situation, I would not report and file returns on all the GHS10,000 additional income but a part of it.	391	2.60	1.33
CI4 If I were Mr Mbilla, I would likely report and file returns on the additional GHS10,000 income from the part-time business.	391	2.15 2.12	1.15 1.15

Compliance intention represents the mediating variable between tax equity perception and tax compliance behaviour. The mediating role of compliance intention implies that equity perception, representing the independent variable, does not directly affect tax compliance behaviour unless it passes through tax compliance intention (mediator). When SMEs develop an equity perception of the tax system, it first influences their tax compliance intention, which in turn causes compliance behaviour. The table above reveals the statement “If I were in Mr Mbilla's situation, I would report and file returns on all the GHS10,000 additional income” lowest mean and standard deviation scores of 1.61 and 0.97, respectively. The results imply that most SMEs in Ghana do not think they will report the GHS10,000 additional income from their part-time job and pay tax on it. The findings were further confirmed by the total average mean and variation scores of 2.12 and 1.2, respectively, to the three measurement statements used to examine compliance intention.

Also, people's thoughts and perceptions of the tax system and their actions to comply with the law are influenced by their tax burden. This argument is founded on the theory of reasoned action, which assumes that people act following their intentions. It goes on to clarify that the decision to engage in a particular behaviour comes before the behaviour itself (Fishbein & Ajzen, 1967). For instance, SMEs will initially decide to comply if they see fairness in Ghana's tax system. Negative tax compliance behaviour results from negative compliance intentions. However, this study predicted an insignificant positive relationship between compliance intention and behaviour. The finding of Boyolali, Wicaksono, and Lestari (2017) corroborates with the findings of this current study. This study also conforms to the theory of planned

behaviour that a person's intention to comply or not to comply is almost equal to his compliance behaviour.

Table 5. 22 Analysis of the Mean and Standard Deviation (SD) of the Responses on Tax Knowledge

TAXPAYERS' KNOWLEDGE	N	Mean	S. D		
TPK1 I think it is important to know the physical location of the tax office to honour my tax obligation.	391	3.08	1.36		
TPK3 I am aware that GRA collects taxes on behalf of the Government.	391	3.76	1.12		
TPK8 I have enough knowledge of tax filing, reporting and payment.	391	3.10	1.40		
TPK10 I know that it is my obligation as a taxpayer to file tax returns.	391	3.70	1.12		
TPK11 I am aware that it is a criminal offence not to comply with the general provisions and Tax Procedure.	391	3.41	1.26		
TPK12 I know that when GRA detects an error in filing returns for my firm, it attracts a tax penalty.	391	3.20	1.34		
TPK13 I know that Failure to file a return on time attracts a penalty and a daily fine.	391	3.40	3.38	1.32	1.28

The level of tax knowledge among SMEs in the table above (Table 5.22) shows that the mean and standard deviation scores of the responses to the statements are 3.08 and 1.36 for the statement “I think it is important to know the physical location of the tax office to honour my tax obligation”, 3.76 and 1.12 respectively for the statement “I am aware that GRA collects taxes on behalf of the Government”, and 3.70 with a standard deviation of 1.12 for the statement “I know that it is my responsibility as a citizen to file and pay my taxes”. The study also reveals a mean of 3.40 of the responses to the statement “I know that Failure to file a return on time attracts a penalty and a daily fine”. The mean and standard deviation results of all the indicators show that tax knowledge is an essential determinant of compliance behaviour among SMEs in Ghana. Despite equity perception being a good predictor of tax compliance behaviour, Asrinanda (2018) stated that tax knowledge is a fundamental requirement when analysing the compliance behaviour of taxpayers. According to Loo et al. (2009) and Farrar et al. (2020), filing tax returns on time, reporting the correct amount and computing the right amount of tax

liabilities require tax knowledge at a certain level by the taxpayer. The results, therefore, mean that tax knowledge is likely to influence equity perception and compliance behaviour.

It should be noted that in as much as tax knowledge influences compliance, it also affects the equity perception of taxpayers (Loo et al., 2009). Again, tax knowledge can change taxpayers' perception of tax equity and thus, tax compliance behaviour. Adhiambo (2019) looked at the factors influencing Nakuru merchants' tax compliance, including tax knowledge and education. The results of this study corroborated those of Adhiambo's study, which shows that tax knowledge and education have a favourable and significant influence on tax compliance behaviour. The results of this study do not, however, agree with those of Fauziati et al. (2016) and Mwandambira (2017), who discovered a negative relationship between tax knowledge and compliance behaviour. The seven statements measuring tax knowledge recorded an average mean score of 3.38, indicating that SMEs in Ghana perceived that tax knowledge could enhance their equity perception and compliance behaviour.

Table 5. 23 Analysis of the Mean and Standard Deviation (SD) of the Responses on Motivators of Tax Compliance

MOTIVATORS OF TAX	N	Mean	S. D		
Economic Motivators					
EM1 Because the tax rates are "okay" for me to pay, I honour my tax commitments.	391	1.77	1.13		
EM2 Because tax auditors visit me to review my tax returns, I consistently complete and file my tax return.	391	2.92	1.30		
EM3 I comply with my tax duties because the government spends the tax funds wisely.	391	2.45	1.36		
EM4 I file my tax returns because I obtain benefits from the government.	391	2.49	1.41		
EM5 I always submit my tax returns to the tax authorities since the Tax rate is transparent.	391	2.47	2.42	1.32	1.30
Institutional Motivators					
ISM1 I file and pay my taxes because tax authorities allow me to do so voluntarily.	391	1.79	0.98		
ISM2 I consistently file my tax returns since it is easy for me to do so.	391	2.62	1.46		
ISM3 The administrative system makes it easy for me to file my tax returns at the tax office.	391	2.47	1.39		
ISM4 I file my tax return because it is straightforward for tax authorities to identify defaulters.	391	2.63	1.37		
ISM5 I file my tax returns since there are no hidden fees or complicated processes involved in doing so.	391	2.68	2.44	1.46	1.33
Individual Motivators					
IDM1 I file and pay my tax because I manage my finances well so that I can pay.	391	2.99	1.40		
IDM3 I always comply with my tax obligations since failing to do so carries serious penalties.	391	3.68	1.05		
IDM5 I think that filing my tax return will improve my company's reputation as a business owner.	391	4.04	3.57	1.07	1.18
Social Motivators					
SM2 I file a tax return because it is just and fair for me to fulfil my obligation to contribute to national development.	391	3.19	1.41		
SM3 Changes in current government policy allow me to file my tax returns easily.	391	2.55	2.87	1.43	1.42
Total			2.72		1.30

Economic Motivators of tax compliance among SMEs in Ghana in the table above (Table 5.23) reveals the average scores of the responses to the statements as follows: 1.77 (EM1), 2.92 (EM2), 2.45 (EM3), 2.49 (EM4), and 2.47. (EM5). The combined mean score for all 391 responders was 2.42. The statement “I comply with my tax obligations because the tax rates are “ok” for me to pay” has the lowest significant mean score (at 1.77). This statement was vehemently opposed as 295 out of the 391 respondents strongly disagreed and disagreed, as shown in the frequency distribution table 5.15. The findings simply mean that most SME

owners do not think that the tax rate the government charges them to pay is okay and will therefore not comply with their tax obligations. Although honouring one's tax obligations and abiding by all tax laws and regulations is a mandatory requirement by law, taxpayers will find several ways to either avoid or evade payment of legally due taxes if they perceive the tax rate to be excessively high. Fines and penalties are supposed to compel individuals to act appropriately, but it appears less consistent with a taxpayer with a negative attitude toward tax evasion (Kirchler et al. 2016). According to surveys conducted in Germany (Schmolders, 2014), almost half of the respondents engaged in tax evasion.

But only a third of the respondents considered tax evaders to be criminals. Kuug (2016) looked into the factors affecting SMEs' compliance with tax laws in Ghana. Kung found that among Ghanaian SMEs, capital structure, compliance costs, tax rates, tax audits, and taxpayer morality all had a significant impact on tax compliance. Again, taxpayers' perception about how their tax monies are used also influences tax compliance behaviour among taxpayers.

Effectively, strict compliance measures, such as audits and tax rates, may persuade taxpayers to be more meticulous when filling out their tax returns, to record all of their income, and to make the appropriate deductions to estimate their tax burden. However, people who expect an audit may be prone to inventing deductions and underreporting their actual income. Studies have shown that tax audits can change bad compliance habits into positive ones (Butler, 1993). Statistically significant results were discovered for the association (very strong) between tax compliance and economic parameters by Kuug (2016) and Otabil (2015). There is clear evidence that their findings corroborate that of Know et al. (2017) and the current study. The five statements measuring economic motivators recorded an average mean score of 2.42, close to 2, indicating that most SMEs in Ghana disagreed with all the five statements measuring economic motivators. The results were confirmed by the regression results in table 5.34 below, which showed a strong correlation between financial incentives and compliance behaviour. The findings of this study are clear by an average standard deviation score of 1.30, as shown in the table above.

The mean and standard deviation results of **institutional motivators** were not different from the mean and standard deviation results of economic motivators of tax compliance among SMEs in Ghana, as indicated in the table above (Table 5.16). The average mean score for the 391 respondents was 2.44, with a standard deviation score of 1.33. The mean scores for the responses to the assertions were 1.79 (ISM1), 2.62 (ISM2), 2.47 (ISM3), 2.63 (ISM4), and 2.68

(ISM5). The statement “I file and pay my tax returns because tax authorities make it optional for me to file” has the lowest significant mean score for SMEs (1.79). This statement was again opposed as the majority of 309 respondents out of the 391 respondents together indicated strongly disagree and disagree, as shown in the frequency distribution table 5.16. The findings can again be explained that most SME owners think that tax authorities and the government are not making the tax system voluntary for them to comply. Although honouring one’s tax obligations is a mandatory requirement by law, taxpayers will find several ways to either avoid or evade payment of legally due taxes if they feel that there are complications in the tax system, and it is not simple for them to comply with. Voluntary compliance is expected to increase as SMEs feel that the tax system is simple and easy. Therefore, governments and tax authorities must ensure that tax payment and compliance processes are simple and easy to increase voluntary compliance (Mbilla et al., 2018). Tyler (2006) indicated that if regulators are ready to streamline their procedures and make them simple and easy to use, this will aid in boosting compliance. Tax administration and filing procedures should be streamlined to encourage correct tax return completion and higher compliance (Richardson, 2008). Also, Silvani and Baer (1997) stated that decreasing the complexity of the tax return will encourage taxpayers to prepare their own returns rather than hiring tax professionals, which will lower the cost of compliance. Therefore, this study suggests that institutional motivators such as voluntary tax systems, straightforward filling procedures, less cumbersome administrative processes, and early default detection will enhance voluntary compliance among SMEs in Ghana.

Individual motivators among SMEs in Ghana in the table above (Table 5.23) reveal the mean and standard deviation scores of the answers to the statements as follows: 2.99 and 1.40 (IDM1); 3.68 and 1.07 (IDM3); and 4.04 and 1.05 (IDM5) respectively, and these resulted in a total mean score of 3.57 and standard deviation score of 1.18 for all 391 respondents. The highest notable mean and standard deviation scores are 4.04 and 1.18) for the statement “as an owner of a business, I feel that filing my tax return will help my business’s image” This indicates that most of the SMEs strongly agree with the statement by implying that they pay their taxes to protect and increase the reputation of their businesses. Also, SMEs' lowest notable mean and standard deviation scores of 2.99 and 1.40, respectively, on the statement “I manage my funds effectively so that I can pay, therefore I file and pay my taxes”. Most respondents agreed with this statement again, as revealed in the frequency distribution table 5.17. Individual determinants of tax compliance are crucial in affecting SMEs' compliance attitudes and behaviour (Kirchler, 2007) and Loo, 2006). Supporting that, Chan, Troutman, and O'Bryan

(2000) found that Hong Kong taxpayers have a lower degree of compliance due to their less favourable opinion towards the tax system. The findings of this study are clear by a total average variability score of 1.18, as shown in the table above. The researcher recommended that in designing tax policies, the government and tax authorities must consider the individual motivators of tax compliance since they positively affect compliance behaviour among SMEs in Ghana.

The results of social motivators of tax compliance display, from the table above, the average scores for the statements' responses as 3.19 (SM2) and 2.55 (SM3). All 391 respondents received an overall mean score of 2.87. The statement's lowest significant mean score is 2.55 for the statement "I can quickly file my tax returns as a result of changes to existing government policies". This statement was somehow opposed as most respondents least agreed with the statement, as shown in the frequency distribution table 5.18. The findings imply that the majority of SME owners will not comply with their tax duties because they do not believe that modifications to the government's current tax policy will encourage paying and filing their tax returns. Also, SMEs' highest notable mean and standard deviation scores are 3.19 and 1.42 on the statement "Because it is just and fair for me to contribute my fair share to the advancement of the nation, I file my taxes". These results indicate that most respondents agree with the statement by implying that they pay their taxes to the government since it is their equitable right and obligation to contribute their quota to the country's development. From a social perspective, SMEs view paying taxes as contributing to development.

Finally, the overall motivators of tax compliance recorded a total average mean score of 2.72 and a standard deviation of 1.32 for all the 391 respondents for this study. The findings again confirmed that most respondents answered negatively to all the statements used to measure motivators of tax compliance among SMEs in Ghana. Therefore, the study concludes that SMEs in Ghana are driven by certain factors regarding their voluntary compliance behaviour, such as economic, institutional, individual and social motivators.

Table 5.24 Analysis of the Mean and Standard Deviation (SD) of the Responses on Tax Compliance Behaviour

TAX COMPLIANCE	N	Mean	S. D		
TPC1 I think that complying with tax payment regulations is a very good practice.	391	2.93	1.34		
TPC3 There has not been any time when I was unable to pay all my taxes.	391	3.40	1.31		
TPC5 Society values and respect people who honour their tax obligations.	391	3.68	1.18		
SFR1 There has not been any time when I was unable to file all my taxes.	391	2.40	1.43		
SFR4 As a member of a group, we file our tax returns to protect our image.	391	3.19	1.33		
SFR5 It is wrong to wait for tax authorities to chase me before filling out a tax return.	391	3.11	1.40		
SFR6 Filing and submission of tax returns are necessary.	391	3.34	1.28		
RDI1 It is wrong not to declare all my income for tax payment.	391	2.38	1.42		
RDI2 Reporting and declaring my income is required by law.	391	3.42	1.36		
RDI3 I fear the punishment of understating my income.	391	3.42	1.39		
RDI5 There has not been any time when I could not declare or report all my income for tax payments.	391	2.98	3.11	1.36	1.34
Total			3.13		1.34

From table 5.24 above, the results show a mean score of 2.93 and a standard deviation score of 1.34 to the statement “I think complying with tax payment regulations is a very good practice”. Also, a mean score of 3.40 was recorded against the statement, “There has not been any time when I could not pay all my taxes”. Again, mean and standard deviation scores of 3.68 and 1.18 were recorded in favour of the statement, "Society values and respect people who honour their tax obligations". Furthermore, a mean score of 2.40 indicated the least agreed majority to the statement that “there has not been any time when I could not file all my taxes”. In addition to that, most of the respondents recorded similar mean scores of 3.19, 3.11 and 3.34, respectively, to the statements “Filing and submission of tax returns are necessary”, and it is wrong to wait for tax authorities to chase me before filling a tax return as a member of a group

and “we file our tax returns to protect our image”. Finally, the majority of respondents recorded a mean and standard deviation score of 2.38 and 1.42, respectively to the statement that “it is wrong not to declare all my income for tax payments”. The results of the overall compliance behaviour recorded a total average mean score of 3.13 and a standard deviation of 1.34 for all the 391 respondents for this study. The results again signify that most respondents answered positively to all the statements used to measure compliance behaviour among SMEs in Ghana. The findings, therefore, imply that if the government wants to improve compliance behaviour among SMEs in Ghana, factors such as tax equity, compliance intention, tax knowledge, economic motivators, institutional motivators and social motivators must be given critical attention.

5.4 INFERENTIAL STATISTICS

5.4.1 Collinearity Statistics (VIF)

The degree of multicollinearity among a collection of multiple regression variables is gauged by the variance inflation factor. Multicollinearity values above four (4) are sometimes viewed as problematically high. The collinearity statistics for the study are shown in the table below.

Table 5. 24 Collinearity Statistics (VIF)

INDICATORS	VIF
CI1	1.191
CI2	1.127
CI4	1.326
EE1	1.45
EE1	1.209
EE4	2.368
EE4	1.425
EE5	1.825
EE5	1.544
EM1	1.191
EM1	1.618
EM2	1.604
EM2	2.502
EM3	2.244
EM3	2.854
EM4	1.992
EM4	2.339
EM5	2.107
EM5	3.058
HE2	1.925

INDICATORS	VIF
HE2	1.087
HE5	1.455
HE5	1.087
IDM1	1.494
IDM1	2.595
IDM3	1.584
IDM3	2.075
IDM4	1.36
IDM5	1.966
IDM5	1.414
ISM1	1.205
ISM1	1.471
ISM2	1.932
ISM2	2.811
ISM3	2.148
ISM3	2.92
ISM4	1.532
ISM4	1.839
ISM5	1.721
ISM5	2.032
RDI1	1.104
RDI1	1.695
RDI2	1.083
RDI2	1.398
RDI3	1.134
RDI3	1.392
RDI5	1.089
RDI5	1.387
SFR1	1.161
SFR1	1.91
SFR4	1.071
SFR4	1.152
SFR5	1.152
SFR5	1.351
SFR6	1.08
SFR6	1.438
SM1	1.092
SM1	1.456
SM2	1.182
SM2	1.553
SM3	1.086
SM3	2.277
TPC1	1.098
TPC1	1.787
TPC3	1.07

INDICATORS	VIF
TPC3	1.49
TPC5	1.161
TPC5	1.473
TPK1	1.426
TPK10	1.607
TPK11	1.884
TPK12	1.815
TPK13	1.869
TPK3	1.499
TPK8	1.292
VE1	1.351
VE1	1.093
VE4	1.837
VE4	1.07
VE6	1.219
VE6	1.117

The table above shows that all the collinearity statistics for all constructs are less than 5 and therefore have no multicollinearity problems. The results show that a measure of multicollinearity among the variables under this study using the variance inflation factor is within an acceptable level.

5.4.2 Construct Reliability and Validity

Cronbach's Alpha

A construct's internal consistency or dependability, or how closely linked the collection of things that make up the construct, is measured by Cronbach's Alpha. The outcome of a construct's measurement can be negative or typically be a number between 0 and 1. Additionally, Cronbach's Alpha may show up, which is a sign that the operation is seriously flawed (for instance, if the polarity of certain score items is reversed relative to others, the mean of all inter-item correlations may be negative; the polarity of items should always be aligned). The general guidelines for Cronbach's Alpha for Construct Reliability and Validity are as follows:

- i. 0.60 unacceptable.
- ii. 0.60–0.70 is minimally acceptable.
- iii. 0.70–0.80 respectable.
- iv. 0.80–0.90 is very good.
- v. Above 0.90 strong.

Composite Reliability (CR)

The entire variance in the composite of construct-related indicator variables is divided by the total variance in the composite, and the result is the composite reliability (CR), also known as the McDonald's coefficient. Similar to Cronbach's Alpha, CR is a dependability measure. CR takes into account the varying factor loadings of the items, but Cronbach's Alpha continues to presume that factor loadings are constant across all products. CR values of 0.7 and higher are often considered to be acceptable.

Average Variance Extracted (AVE)

The average of variance extracted (AVE) measures how much variance is captured by a construct versus how much variance is caused by measurement error. It is a convergent validity indicator. The majority of the time, an AVE of at least 0.5 is necessary because otherwise, the error variance would be greater than the variance explained, which is undesirable.

Outer Loadings

These are the main signs that illustrate how the latent variable has evolved toward the observable variables in reflective models. Consequently, they demonstrate the relative contributions of each observable variable or item to the latent variable or construct. If it will result in a lower average variance, loadings are often assumed to be equal to or larger than four (4), higher than 5 extracted score (Hulland, 1999). Note that all variables that recorded outer loadings below 0.05 were deleted from further analysis.

Table 5. 25 Outer Loadings

INDICATORS	TAX EQUITY	MOTIVATION OF TAX COMP.	COMPLIANCE INTENTION	TAX KNOWLEDGE	COMPLIANCE BEHAVIOUR
VE1	0.554				
VE4	0.815				
VE6	0.66				
HE2	0.85				
HE5	0.746				
EE1	0.683				
EE4	0.815				
EE5	0.84				
EM1		0.516			
EM2		0.756			
EM3		0.845			
EM4		0.802			
EM5		0.848			
IDM1		0.863			
IDM3		0.792			
IDM5		0.775			
ISM1		0.538			
ISM2		0.826			
ISM3		0.841			
ISM4		0.734			
ISM5		0.758			
SM2		0.699			
SM3		0.882			
CI1			0.568		

INDICATORS	TAX EQUITY	MOTIVATION OF TAX COMP.	COMPLIANCE INTENTION	TAX KNOWLEDGE	COMPLIANCE BEHAVIOUR
CI2			0.702		
CI4			0.826		
TPK1				0.608	
TPK10				0.695	
TPK11				0.766	
TPK12				0.723	
TPK13				0.667	
TPK3				0.652	
TPK8				0.537	
TPC1					0.675
TPC3					0.654
TPC5					0.747
SFR1					0.776
SFR4					0.485
SFR5					0.645
SFR6					0.608
RDI1					0.687
RDI2					0.54
RDI3					0.68
RDI5					0.619

Table 5. 26 Construct Validity

VARIABLES	Cronbach's Alpha	rho_A	Composite Reliability
Compliance Behaviour	0.773	0.791	0.829
Compliance Intention	0.493	0.517	0.745
Motivators Of Tax Comp.	0.771	0.918	0.808
Tax Equity	0.800	0.835	0.851
Tax Knowledge	0.789	0.792	0.848

Table 5. 27 Construct Reliability

VARIABLES	Average Variance Extracted (AVE)
Compliance Behaviour	0.527
Compliance Intention	0.706
Motivators of Tax Comp.	0.588
Tax Equity	0.524
Tax Knowledge	0.646

The factor loadings, Cronbach's Alphas, composite reliability values, and average variance extracted values for each indicator are shown in Table 5.28 (AVE). The average variance extracted and the composite values measure the data's convergent validity, whereas Cronbach's Alpha and the composite values test the data's internal consistency. The Composite Reliability and Cronbach's Alpha results both indicate values above 0.70, which means that the constructs in the study have passed the internal consistency test (Sekaran, 2003). In terms of convergent validity, all the factor loading of the constructs presented are greater than 0.5 and can explain at least 50 per cent of the indicators' AVE values. Bagozzi and Yi (1988) and Fornell and Larcker (1981) believe that an effective convergent validity should have an AVE of at least 0.50. With this, we conclude that the constructs have convergent validity.

5.4.3 Discriminant Validity

The model's discriminant validity investigates whether the constructs are strongly related to one another. It contrasts the connection between a construct and other constructs with the Square Root of AVE of that construct. It is frequently believed that the Square Root of AVE is greater than the construct's association with other constructs (If not, the individual construct

does not provide much discrimination, i.e., unique explanatory power). To examine the discriminant validity of the constructs, the study used the Cross Loadings, Fornell-Larker Criteria, and Heterotrait-Monotrait Ratio (HTMT), as indicated in Tables 5.29, 5.30, and 5.31 below.

Cross Loadings

Cross loadings, a measure of discriminant validity, can be used to determine why an indicator variable can load on its latent variable more effectively than it can on any other latent variable. According to Fornell and Larcker (1981), an indicator's cross-loadings should be bigger than its loadings on any other latent variables for the constructs or latent variables it is assigned to.

Table 5. 28 Cross Loadings

	Compliance Intention	Tax Equity	Motivators of Tax Comp.	Compliance Behaviour	Tax Knowledge
CI1	0.568				
CI2	0.702				
CI4	0.826				
EE1		0.620			
EE4		0.797			
EE5		0.756			
HE2		0.754			
HE5		0.595			
VE1		0.366			
VE4		0.744			
VE6		0.475			
EM1			0.439		
EM2			0.780		
EM3			0.780		
EM4			0.714		
EM5			0.826		
IDM1			-0.614		
IDM3			-0.388		
IDM4			-0.253		
IDM5			-0.452		
ISM1			0.444		
ISM2			0.798		
ISM3			0.799		
ISM4			0.667		
ISM5			0.703		
SM1			0.174		

	Compliance Intention	Tax Equity	Motivators of Tax Comp.	Compliance Behaviour	Tax Knowledge
SM2			0.477		
SM3			0.724		
TPC1				0.632	
TPC3				0.483	
TPC5				0.665	
RDI1				0.632	
RDI2				0.429	
RDI3				0.578	
RDI5				0.536	
SFR1				0.726	
SFR4				0.358	
SFR5				0.488	
SFR6				0.526	
TPK1					0.608
TPK10					0.695
TPK11					0.766
TPK12					0.723
TPK13					0.667
TPK3					0.652
TPK8					0.537

From the table above, all indicators loaded perfectly and better in their assigned latent variables than on all other variables.

5.4.4 Fornell and Larker Criteria

The squared correlation between a latent variable and all other latent variables should be greater than a latent variable's average variance extracted (AVE) (Fornell & Larcker, 1981).

Table 5. 29 Fornell-Larcker Criterion

Variables	Motivators_				
	Compliance_ Behaviour	Compliance_ Intention	Of Tax Comp.	Tax Equity	Tax _Knowledge
Compliance Behaviour	0.73				
Compliance Intention	-0.41	0.84			
Motivators of Tax Comp.	-0.49	0.71	0.76		
Tax Equity	-0.39	0.67	0.88	0.72	
Tax _Knowledge	0.77	-0.44	-0.56	-0.43	0.80

The AVE for all latent variables is larger than the squared correlation between the latent variables and all other latent variables, as seen in the above table. The discriminant validity test was successful for each of the study's latent variables.

5.4.5 Heterotrait-Monotrait Ratio (HTMT)

HTMT, a measure of discriminant validity, was developed to correct the insensitivity of the Fornell and Larcker and cross-loading criteria. HTMT measures the correlation between constructs. The HTMT threshold values closer to 1 show a lack of discriminant validity. A threshold value of 0.85 or 0.90 is acceptable.

Table 5. 30 Heterotrait-Monotrait Ratio (HTMT)

Variables	Motivators				
	Compliance _Behaviour	Compliance _Intention	_Of Tax Comp.	Tax Equity	Tax _Knowledge
Compliance Behaviour					
Compliance Intention	0.703				
Motivators of Tax Comp.	0.65	1.073			
Tax Equity	0.524	1.025	1.021		
Tax _Knowledge	0.985	0.688	0.714	0.56	

Table 5.31 shows the discriminant validity of the construct used in the study. Discriminant validity reveals how the individual constructs relate to one another. From the result in the table, the individual correlation result for all the variables is less than 0.85, hence the constructs do not lack discriminant validity. Kline (2011) asserts that constructs showing values less than 0.85 passes the discriminant validity test.

5.4.6 Normality

To determine the normality of the data, Kurtosis and Skewness were used to find out how normally distributed the data is. Skewness reveals how the data of variables are directed (either to the left or right). Kurtosis, however, reveals how steep or tall the presentation of detailed data is. The table below shows the results of skewness and kurtosis.

Table 5. 31 Normality Table

INDICATORS	Mean	S. D	Excess	
			Kurtosis	Skewness
VE1	1.588	0.889	1.733	1.499
VE2	3.918	1.205	-0.377	-0.882
VE3	3.89	1.047	-0.172	-0.76
VE4	2.501	1.317	-1.009	0.422
VE5	3.379	1.45	-1.159	-0.437
VE6	2.361	1.436	-0.893	0.708
HE1	2.205	1.253	-0.785	0.58
HE2	2.629	1.423	-1.318	0.304
HE3	2.921	1.365	-1.282	0.071
HE4	3.238	1.354	-1.428	0.008
HE5	2.164	1.215	-0.095	0.911
EE1	1.606	0.929	0.426	1.302
EE2	3.788	1.221	-0.684	-0.645
EE3	3.957	1.066	-0.492	-0.664
EE4	2.478	1.385	-1.119	0.451
EE5	2.136	1.222	-0.598	0.778
EE6	3.616	1.227	-1.178	-0.396
CI1	1.609	0.964	2.209	1.66
CI2	2.598	1.326	-1.19	0.265
CI4	2.151	1.151	-0.556	0.692
TPK1	3.079	1.361	-1.192	0.003
TPK2	3.862	1.156	-0.065	-0.875
TPK3	3.765	1.118	-0.474	-0.585

INDICATORS	Mean	S. D	Excess	
			Kurtosis	Skewness
TPK4	2.957	1.305	-1.069	0.046
TPK5	2.862	1.191	-0.97	0.077
TPK6	3.171	1.265	-0.937	-0.265
TPK7	2.414	1.348	-1.047	0.453
TPK8	3.1	1.403	-1.254	-0.044
TPK9	2.558	1.221	-0.724	0.311
TPK10	3.698	1.122	-0.542	-0.628
TPK11	3.409	1.262	-0.988	-0.316
TPK12	3.205	1.341	-1.059	-0.257
TPK13	3.396	1.316	-1.054	-0.321
EM1	1.775	1.129	0.455	1.265
EM2	2.918	1.301	-1.133	-0.093
EM3	2.453	1.362	-1.35	0.32
EM4	2.488	1.403	-1.409	0.291
EM5	2.471	1.322	-1.182	0.354
ISM1	1.793	0.981	0.476	1.127
ISM2	2.619	1.454	-1.46	0.222
ISM3	2.465	1.384	-1.086	0.461
ISM4	2.632	1.364	-1.123	0.298
ISM5	2.683	1.454	-1.376	0.218
IDM1	2.992	1.401	-1.304	-0.037
IDM2	3.88	1.121	-0.649	-0.647
IDM3	3.675	1.051	-0.629	-0.396
IDM4	3.885	1.273	-0.033	-1.015
IDM5	4.036	1.072	0.418	-1.059
SM1	2.253	1.241	-1.365	0.405
SM2	3.194	1.41	-1.173	-0.409
SM3	2.552	1.431	-1.342	0.341
SM4	3.588	1.204	-0.584	-0.632
SM5	3.652	1.118	-0.532	-0.562
TPC1	2.928	1.34	-1.116	0.131

INDICATORS	Mean	S. D	Excess	
			Kurtosis	Skewness
TPC2	2.701	1.42	-1.291	0.227
TPC3	3.399	1.309	-1.004	-0.342
TPC4	2.913	1.442	-1.4	0.055
TPC5	3.675	1.181	-0.485	-0.629
SFR1	2.402	1.429	-0.658	0.807
SFR2	2.767	1.485	-1.245	0.301
SFR3	3.026	1.224	-0.72	0.228
SFR4	3.189	1.328	-1.061	-0.075
SFR5	3.11	1.398	-1.187	0.096
SFR6	3.335	1.274	-0.927	-0.082
RDI1	2.376	1.419	-0.651	0.797
RDI2	3.417	1.356	-1.277	-0.132
RDI3	3.425	1.385	-1.219	-0.264
RDI4	2.632	1.343	-0.795	0.503
RDI5	2.98	1.353	-1.035	0.137
RDI6	2.959	1.483	-1.349	0.071

Table 5.32 shows the result of the data normality distribution of the individual indicators used in the study. Skewness displays the direction of the variable data in the table (either to the left or right). The majority of the skewness values within a range are negative, hence Tabachnick, Fidell, and Ullman (2007) concluded that the range of data skewness is between -2 to +2. The individual indicators in Table 5.32 each have a different skewness value that falls between -2 and +2. The kurtosis value for each of the study's individual indicators is also included in the table. Kurtosis illustrates the steepness or height of the display of detailed facts. Leptokurtic data is that with a high vertical dimension; mesokurtic data is that with a flat vertical dimension. The results show that the data have kurtosis. When data drops between -7 and +7, according to Byrne and Van de Vijver (2010), it exhibits kurtosis. As a whole, the researcher concludes that the SEM's data is normally distributed.

Table 5. 32 Path Coefficient

Variables	OS	SM	SD	T-STAT	P-VALUES	RESULTS
Motivators of Tax Comp. -> Compliance Behaviour	-0.006	-0.006	0.004	1.448	0.148	Not Significant
Tax Equity -> Compliance Behaviour	-0.002	-0.002	0.003	0.491	0.624	Not Significant

Findings from the structural model in table 5.33 show the relationship between Tax equity, Motivators of compliance and compliance behaviour. Tax equity and tax compliance behaviour are positively correlated but statistically insignificant, with a t-value of 0.491 less than the benchmark of 2.58 at 5 per cent (Hair, Sarstedt, Ringle, and Gudergan, 2017). The study also reveals a p-value of 0.624, higher than the 5 per cent threshold. The results indicate that when taxpayers believe the country's tax system is equitable and fair, the government's tax net is widened, and increasing tax compliance leads to increased tax revenue. This result is also in line with the work of Augustine et al. (2020); Mbilla et al. (2018); Elly (2017); Jackson and Milliron (2016) and Wartick (2014). The results, however, contradict the findings of Farrar et al. (2020), who discovered a negative link between exchange equity and compliance behaviour. This study's conclusion, therefore, suggests that *ceteris paribus*, taxpayers' compliance behaviour would increase when the tax system is just and equitable. Additionally, taxpayers believe that tax payment is required by law, regardless of how unfair the tax system is. Taxpayers are nevertheless required to pay their taxes and uphold their tax commitments even if the tax system is unfair. This research explains an insignificant positive correlation between compliance behaviour and tax equity perception. The results of this study may also indicate that, in addition to tax equity beliefs, other variables may be driving up compliance behaviour among SMEs.

Also, the researcher wanted to find out the combined effect of Economic, Institutional, Individual and Social motivators of tax compliance on compliance behaviour, even though this is not part of the study objectives. The structural model presented in Table 5.33 demonstrates the connection between tax compliance behaviour and drivers of tax compliance. The motivators and compliance behaviour show a positive and statistically insignificant relationship with a t-value of 1.448 and a p-value of 0.148, less than 5 per cent. This direct relationship hints that factors drive taxpayers towards paying taxes. Should the government pay attention to these motivators (economic, institutional, individual and social), compliance behaviour is expected to improve *ceteri paribus*. The result is insignificant at 5 per cent since its significance value is greater than 0.05. This result is consistent with the work of Kung (2016), who assessed the effect of economic factors on tax compliance. In her work, she advanced that economic factors are positively correlated with tax compliance behaviour among SMEs in Ghana.

Table 5. 33 Path Coefficient for all variables

Hypotheses	Variables	OS	SM	SD	T-stat	P-values	Results
	Economic Motivators ->						
H6	Compliance Behaviour	-0.004	-0.004	0.002	1.700	0.090**	Significant
	Exchange Equity -> Compliance						Not
H3	Behaviour	-0.001	-0.001	0.002	0.723	0.470*	Significant
	Horizontal _Equity ->						Not
H2	Compliance Behaviour	-0.001	-0.001	0.001	0.720	0.472*	Significant
	Individual Motivators ->						Not
H8	Compliance Behaviour	0.002	0.002	0.001	1.578	0.115*	Significant
	Institutional Motivators ->						
H7	Compliance Behaviour	-0.003	-0.003	0.002	1.716	0.087**	Significant
	Social _Motivators ->						
H9	Compliance Behaviour	-0.001	-0.001	0.001	1.727	0.085**	Significant
	Tax _Knowledge -> Compliance						Not
H10	Behaviour	0.007	0.008	0.004	1.622	0.105*	Significant
	Vertical _Equity -> Compliance						Not
H1	Behaviour	-0.001	-0.001	0.001	0.740	0.460*	Significant

*= 5% and **= 10% respectively.

OBJECTIVE ONE (1)

Objective one of the study sought to answer three (3) research questions. The first question is: *“How does vertical equity perception influence compliance behaviour among SMEs in Ghana?”*

Table 5.34 of the structural model results demonstrate the link between vertical equity perception and compliance behaviour among SMEs. The association between vertical equity and compliance behaviour is positive and statistically insignificant, with a p-value of 0.460 being greater than 0.05 and a t-value of 0.740 being less than the benchmark of 1.96 at 5 per cent (Hair, Sarstedt, Ringle, and Gudergan, 2017). This denotes that the null hypothesis cannot be rejected in favour of the alternatives hypothesis. Hence the finding shows vertical equity does not have a significant effect on the compliance behaviour of SME in Ghana. In other words, when taxpayers in various income groups and economic situations believe that the country's tax system is equitable and fair, it does not have a significant effect on their compliance behaviour.. This result is contradicted with the work of Margaretha et al., 2020, Azemi et al. (2020), Mbilla, Gartchie, Arhin and Ayimpoya (2018) but confirms that Jun et al. (2018). Abdul et al. (2020) revealed that taxes should be progressive. Their research showed a strong positive correlation between compliance behaviour and vertical equity.

The second question of objective one is answered with the results in table 5.34, namely:

“How does horizontal equity perception influence compliance behaviour among SMEs in Ghana?”

The result of the structural model in table 5.34 shows the association between SMEs' perceptions of horizontal equity and compliance practices in Ghana. A statistically insignificant positive link existed between horizontal equity and compliance behaviour with a t-value of 0.720, less than the benchmark of 1.96 at 5 per cent (Hair, Sarstedt, Ringle, and Gudergan, 2017) and an insignificant p-value of 0.472, which is more than 0.05. The findings imply that the relationship between taxpayers in the same income brackets and similar economic circumstances and belief that the country's tax system is equitable and fair, does not significantly affect government's tax net (compliance behaviour). This result is consistent with the findings of Abdul et al. (2020), who discovered an insignificant positive correlation between tax compliance behaviour and perception of horizontal equity. However, the findings

contradict the conclusions reached by Efebera et al. (2004), Margaretha et al. (2020), Azemi et al. (2020), and Farrar et al. (2020). These researchers discovered that the perception of horizontal equity has a detrimental impact on tax compliance behaviour. The rationale is that tax research on equity perceptions reveals that the psychological mechanisms underlying horizontal equity views and their nature are still poorly understood. They claimed that this kind of notion of equity about tax payment would lead to an increase in non-compliant behaviour.

Finally, the structural model Table 5.34 demonstrates the link between SMEs in Ghana's view of exchange equity and compliance behaviour to answer research question three of objective one, namely:

“How does exchange equity perception influence compliance behaviour among SMEs in Ghana?”

There is a positive and statistically insignificant link between exchange equity and compliance behaviour, with a t-value of 0.723 less than the benchmark of 1.96 at 5 per cent (Hair, Sarstedt, Ringle, and Gudergan, 2017) and an insignificant p-value of 0.470, which is more than 0.05. The results imply that when taxpayers perceive the taxes and the benefits received from the government to be equitable and fair, it does not significantly affect the government's tax net and compliance behaviour. This finding is in line with that of Farrar et al. (2020), who found that perceptions of exchange equity had little to no influence on tax compliance behaviour. Taxpayers will be willing to comply and pay their taxes if the benefits from the government commiserate with taxes paid. The insignificant relationship of exchange equity also implies that whether taxpayers receive benefits or not has a legal mandate to pay their taxes and therefore has no impact on compliance to some extent. Also, this current study contradicts the findings of Augustine and Enyi (2020) who carried out a study on voluntary tax compliance, government trust, and corruption control in the South-West state of Nigeria. The study's findings show that reducing corruption, which is strongly correlated with exchange equality and public trust, had a considerable favourable impact on tax compliance behaviour.

Table 5. 34 Indirect effect

Variables	OS	SM	SD	T-stat	P- values	Results
Motivators of Tax Comp. ->						
Compliance Intention ->						Not
Compliance Behaviour	-0.003	-0.002	0.002	1.420	0.156	Significant
Tax Equity -> Compliance						
Intention -> Compliance						Not
Behaviour	-0.001	-0.001	0.001	1.080	0.280	Significant
Moderating Effect 1 ->						
Compliance Behaviour	0.008	0.007	0.004	2.166	0.031	Significant

OBJECTIVE TWO (2)

The researcher evaluated the indirect impact of compliance intention on the link between tax equity perception and tax compliance behaviour to determine how tax compliance intention mediates the association between tax equity and compliance behaviour. The existence of full mediation, partial mediation, or no mediation was examined utilising the result from the specific indirect effect to assess the mediating effect (Hair et al., 2016).

Table 5.35 above shows that the indirect, specific effect results revealed a statistically insignificant p-value of 0.280, greater than 5 per cent. The statistically insignificant p-value signifies the absence of a mediation relationship between tax equity and compliance behaviour. The results mean that compliance intention does not mediate the relationship between tax equity and compliance behaviour. Conclusively, there is no mediation of compliance intention between equity perception and compliance behaviour. The results of this study are consistent with the study of Okafor, 2022 and the theories of reasoned action and planned behaviour, which holds that contrary to popular belief, the likelihood of compliance behaviour increases with the degree of compliance intention. When SMEs develop an equity perception of the tax system, it first influences their tax compliance intention, which in turn causes compliance behaviour. This argument stems from the theory of reasoned action that envisages people's behaviour based on their behavioural intentions. It explains further that the intention to engage in a particular behaviour precedes the actual behaviour (Fishbein & Ajzen, 1967). The findings imply that compliance intention is almost the same as compliance behaviour and therefore has

no mediation effect. The t-value informed this of 1.080, which is less than 1.96 and a p-value of 0.280, which is greater than 0.05 (Hair, Sarstedt, Ringle, and Gudergan, 2017).

OBJECTIVE THREE (3)

On objective three, the study sought to determine whether tax knowledge moderates the relationship between tax equity perception and compliance behaviour.

The moderation effect for tax knowledge was tested by the interaction of tax knowledge being the moderator and compliance behaviour representing the dependent variable. Hair et al. (2016) revealed that the moderation role decision is made based on the direct and indirect effect of the regression result. From table 5.35 above, the structural model results show a t-value of 2.166, greater than 1.96 and a statistically positive significant p-value of 0.031, less than 0.05. The statistically positive significant relationship indicates that tax knowledge is good interaction between tax equity perception and compliance behaviour. The results mean that when SMEs have good knowledge about the tax laws and processes for reporting, filing of returns and tax payment, compliance behaviour would be improved. Previous studies have supported that those taxpayers who know tax laws are more likely to file and compute their tax obligations and hence would want to as much as possible pay lower taxes. The findings of Wijaya (2019), Abdul & McFie (2020) and Bayram et al (2017) also reveal a significant positive relationship between tax knowledge and compliance behaviour which is in line with this current study. Also, when SMEs have comprehensive knowledge about the tax system, their equity perceptions would improve, hence voluntary compliance. The level of tax knowledge of citizens in a country should aid in increasing tax compliance behaviour and tax revenue since citizens are aware of the operations of the tax systems. Other researchers' findings oppose this view that tax knowledge serves as a tool to avoid tax payments, reducing tax revenue (Sing, 2003; Eriksen & Fallan, 1996 & Harris, 1989). They contend that after the public receives sound tax education, they are more likely to exploit tax laws' weaknesses and avoid paying taxes, which lowers government tax income. Tax literacy, which includes general, legal, and technical knowledge, has no impact on SMEs' tax compliance (Bird, 2014). The findings show that even the most tax-aware taxpayers are not always tax-compliant. Once the government educates taxpayers about laws, caution would have to be taken for taxpayers not to take advantage of these laws.

Other Factors Influencing Tax Compliance Behaviour

The study research question six (6) sought to identify other factors/motivators besides tax equity, compliance intention and tax knowledge that can influence compliance behaviour. These factors were identified and grouped into economic, institutional, social and individual motivators.

On economic motivators, the structural model results in table 5.34 show the link between economic drivers and compliance behaviour. Economic motivators and compliance behaviour show a positive and statistically significant relationship with a t-value of 1.700 and a p-value of 0.090, less than 10 per cent. This direct relationship hints that there are factors that drive taxpayers toward paying taxes. Should the government pay attention to these economic motivators, compliance behaviour is expected to improve *ceteri paribus*. The result is significant at 10 per cent since its p-value is less than 0.10. This result is consistent with the work of Know et al (2020) and Kung (2016), their studies assessed the relationship between economic factors and tax compliance. In her work, the researcher advanced that economic factors had a significant positive relationship with compliance behaviour among SMEs in Ghana. This study's findings prove that paying taxes is legally mandatory. If taxpayers fail to comply, they must be compelled to do so by enforcement of penalties and fines.

On the contrary, some studies even contend that hefty tax fines and penalties encourage tax evasion (Kirchler, Hoelzl & Wahl, 2008). The results imply that economic motivators are not the only factors to enhance voluntary compliance, hence the need to consider other motivators. This decision was based on a t-value of 1.700, less than 1.96 and a p-value of 0.090, less than 0.10 (Hair, Sarstedt, Ringle, and Gudergan, 2017).

On institutional motivators, the structural model results in table 5.34 show the relationship between institutional motivators and compliance behaviour. Institutional motivators and compliance behaviour reveal a positive and statistically significant relationship with a t-value of 1.716 and a p-value of 0.087, less than 10 per cent. This direct positive relationship hints that institutional motivators drive taxpayers towards payment of taxes, and should the government pay attention to these institutional motivators such as the simplified process of filing and payment of taxes, providing training programmes and taxpayer education etc., compliance behaviour is expected to be improved *ceteri paribus*. The result is significant at 10 per cent since its p-value is less than 0.10. This result is consistent with the work of Kung (2016), who assessed the relationship between institutional factors and tax compliance. In her work, the researcher advanced that institutional factors had a significant positive relationship

with compliance behaviour among SMEs in Ghana. Tetteh (2019) and Gadzo et al (2019) results are similar to this current study. Their study suggested that to build a successful taxation system in terms of tax compliance, tax authorities must play an essential role in decreasing the tax gap and encouraging voluntary compliance. However, the study of Gambo et al. (2020) contradicts the findings of this current study. These studies suggested that institutional components including simple filling processes, voluntary tax systems, less bureaucratic and administrative procedures, and early default detection must be taken into consideration. Only when this is considered will people comply with their tax obligations, since the economic approach alone is inefficient for achieving voluntary tax compliance.

The result of the structural model in table 5.34 shows the relationship between **individual motivators** and compliance behaviour among SMEs in Ghana regarding individual motivators. The relationship between individual motivators and compliance behaviour is positive but statistically insignificant, with a t-value of 1.578 less than the benchmark of 1.96 at 5 per cent (Hair, Sarstedt, Ringle, and Gudergan, 2017) and an insignificant p-value of 0.115, which is greater than 0.05. This direct positive insignificant relationship hints that individual factors does not significantly drive taxpayers towards payment of taxes, and the government should not pay more attention to these individual motivators such as personal financial constraints, awareness of fines and penalties, attitude, records keeping etc., since individual factors does significantly affect compliance behaviour *ceteri paribus*. The result is insignificant at 5 per cent since its p-value is greater than 0.05. This result is consistent with Mbilla et al. (2018), who assessed the relationship between individual motivators and tax compliance behaviour. In their work, the researchers advanced that individual motivators had a positive relationship with compliance behaviour among SMEs in Ghana. Noor and Abd Razak, (2019), Kirchler's (2007) and Loo's (2006) results are similar to this current study. Their studies suggested that to build a successful taxation system in tax compliance, tax authorities must play an essential role in decreasing the tax gap and encouraging voluntary compliance. The tax authorities can be achieved this by mounting a help desk at their offices to support SMEs in record keeping. It is only when this and other individual factors are given the needed attention that people will honour their tax obligations and pay their due taxes.

On social motivators, the structural model results in table 5.34 show the relationship between social motivators and compliance behaviour. Social motivators and compliance behaviour reveal a positive and statistically significant relationship with a t-value of 1.727 and a p-value

of 0.085, less than 10 per cent. This direct significant positive relationship hints that social factors are the strongest predictors or drivers of tax compliance among SMEs in Ghana. The tax authorities cannot address tax non-compliance issues. Therefore, they will need the community's involvement in their decision-making on tax enforcement. Creating community relationships will form part of the activities of the tax authority. The result is significant at 10 per cent since its p-value is less than 0.10. This result is consistent with the work of Tan et al. (2021), Owens and Hamilton (2014), Mbilla et al. (2018), and Kung (2016), whom all assessed the relationship between social motivators and tax compliance behaviour. In their works, the researchers advanced that social factors had a significant positive relationship with compliance behaviour among SMEs. Kirchler's (2007) and Loo's (2006) results are also similar to this current study. Their study suggested that to build a successful taxation system in terms of tax compliance, tax authorities must play an important role in decreasing the tax gap and encouraging voluntary compliance. Voluntary tax compliance can be achieved by introducing a new dimension of tax compliance known as the social dimension framework. This framework will address all social issues in the tax compliance literature and is capable of building understanding with communities and third parties. The deterrence model is inefficient in enforcing social issues; the social dimension model will fill this gap to enhance voluntary tax compliance.

Table 5. 35 R-Square

	COMPLIANCE _BEHAVIOUR	COMPLIANCE _INTENTION
R Square	0.999	0.516
R Square Adjusted	0.999	0.514

The result of the r-square presented in table 5.36 shows a value of 0.999 and 0.516 for compliance behaviour and intentions, respectively. 99.9 per cent of the fluctuations in the dependent variable are explained by the coefficient of determination (compliance behaviour) determined by the variation in the independent variables (equity and motivators). The r-square in this study shows a good predictive power, since Falk and Miller (1992) advance that an r-square of 105 is acceptable. Chin (1998) also considers the r-square value of 0.33 as moderate.

Table 5. 36 Predictive Relevance

	CCR	CCC
	Q² (=1-SSE/SSO)	Q² (=1-SSE/SSO)
Compliance Behaviour	0.308	0.157
Compliance Intention	0.252	0.055

CCC: Construct Cross-Validated Commonality; CCR: Construct Cross-Validated Redundancy

Table 5.37 shows the predictive relevance results of the impact of tax equity perception and other factors on compliance intention and behaviour in Ghana. The Stone-Geisser (Q²) Predictive relevance shows the predictability of the endogenous variable through the exogenous variable. The threshold should be greater or larger than 0 (Stone, 1974; Geisser, 1974 & Hair, Hult, Ringle, and Sarstedt, 2016). With CCC and CCR values of 0.308 and 0.157 respectively for compliance behaviour and a CCC and CCR value of 0.252 and 0.055 respectively for compliance intention. The results show that the exogenous constructs have predictive relevance over the endogenous construct. These findings show that tax equity perception and other factors adopted in this study have predictive relevance over tax compliance behaviour and intention. In other words, if the Government of Ghana seeks to increase tax compliance, significant attention must be given to factors such as Tax equity and economic, institutional, and social factors.

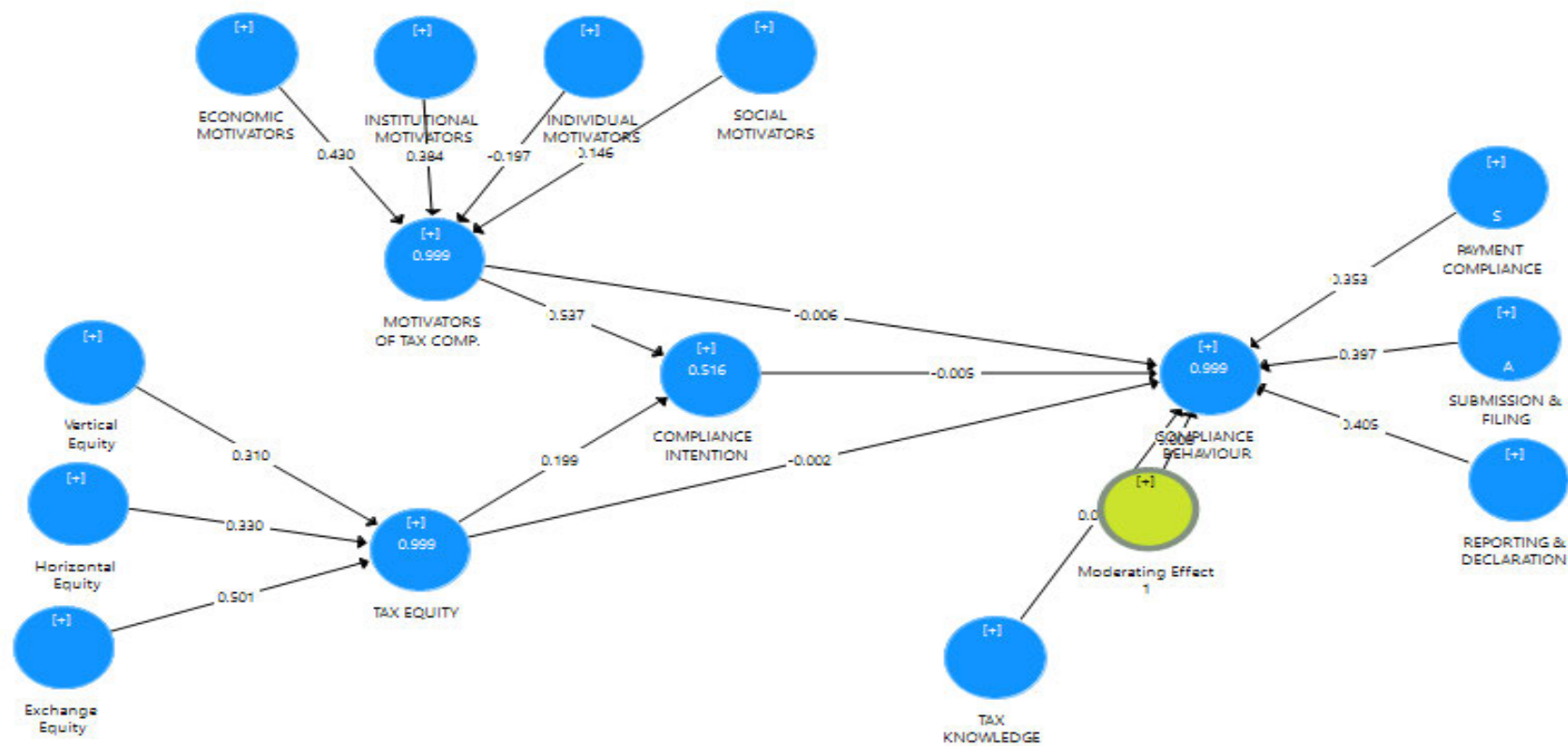


Figure 5. 1 Structural Model (Uncalculated)

Figure 5.1 above presents a diagrammatic presentation of all constructs and their indicators for the study. The study's main constructs are 5 with 10 higher-order constructs to better explain the structural model. 3 constructs out of the 5 main constructs used higher-order constructs. Tax Equity Perception (Exogenous variable) was measured by 3 higher-order constructs (Vertical, horizontal and exchange equity). Motivators of tax compliance (Exogenous variable) were measured by 4 higher-order constructs (Economic, Institutional, Individual and Social). Compliance Behaviour (Endogenous variable) was also measured by 3 higher-order constructs: Payment Compliance, Reporting and Declaration and Submission and Filing of Returns. Compliance Intention was used to mediate the relationship between the exogenous and endogenous variables. Also, Tax Knowledge moderates the relationship between Tax Equity and Compliance Behaviour (Endogenous). 43 indicators measured the ten higher constructs. All indicators of this model were put into hidden for better viewing.

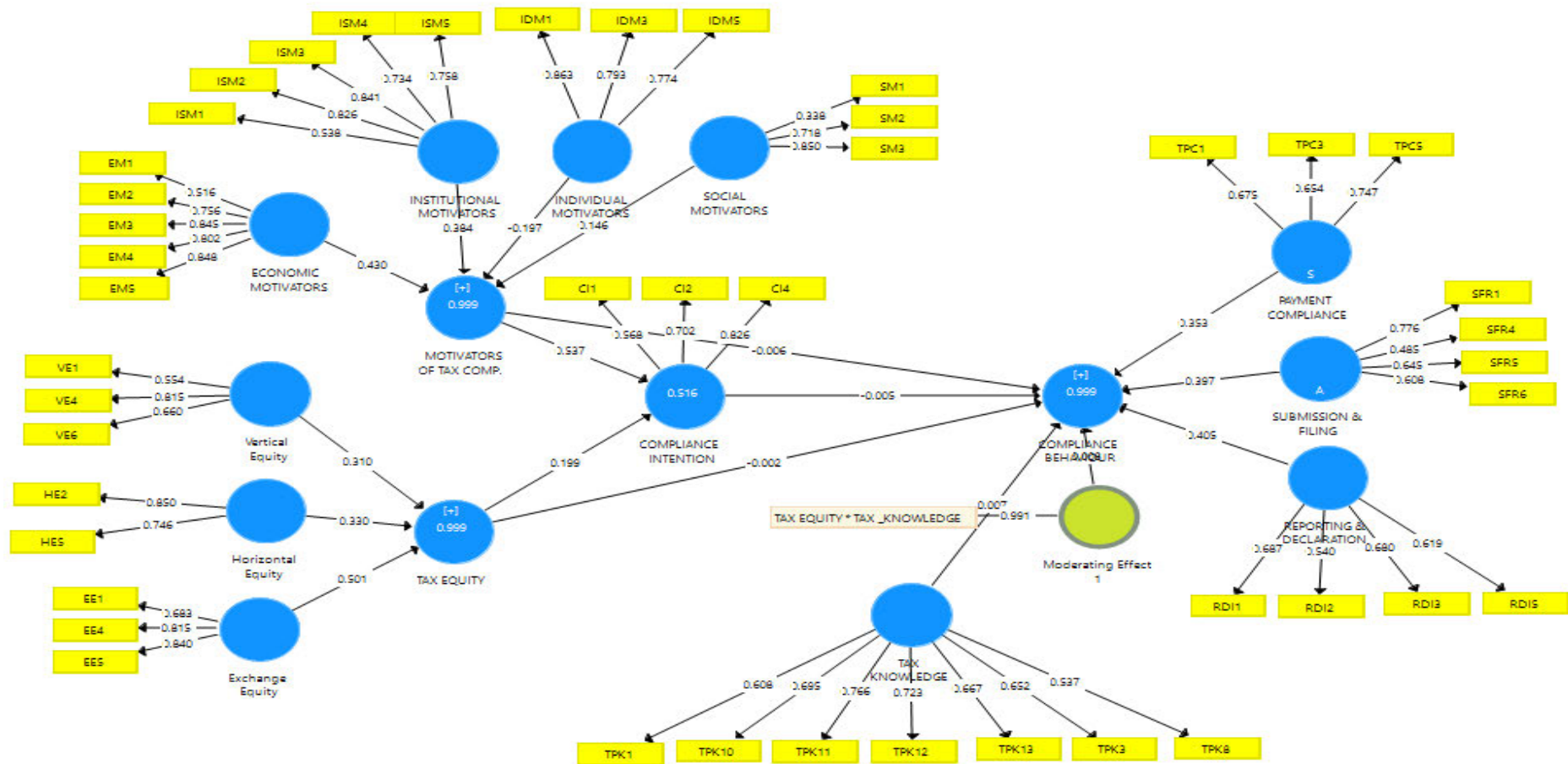


Figure 5. 2 Structural Equation Model Factor Loadings

Figure 5.2 represents the diagrammatic presentation of the constructs on the impact of tax equity perception and other motivators on tax compliance in Ghana. The figure shows the interconnection between the exogenous variables (Tax Equity Perception and Other Motivators) and the endogenous variable (Compliance Behaviour). Tax compliance intention mediates the exogenous variables and the endogenous variable, and tax knowledge moderates the relationship between the exogenous variable (Tax Equity Perception) and the endogenous variable (Compliance Behaviour). Each factor loading is presented against its latent constructs. All the indicators coded have been hidden to aid proper viewing of results (factor loading shown in the table). From the figure presented, all the indicators under each construct were ensured to have factor loadings greater than 0.5, which is a good indication of the performance of SEM analysis. All the low-factor loadings were deleted.

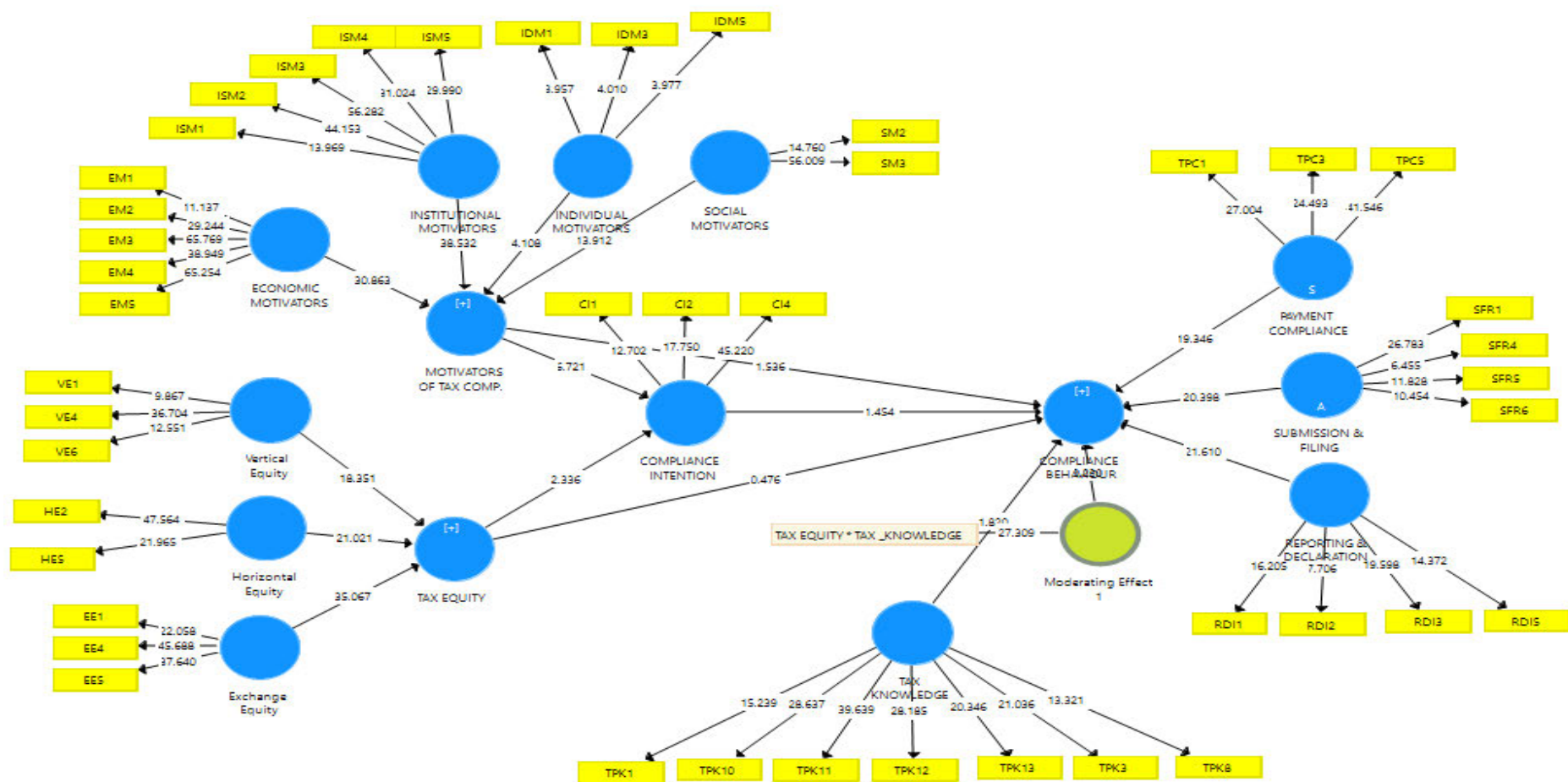


Figure 5. 3 Bootstrapping Structural Results (T-Values)

CHAPTER SIX

ANALYSIS AND DISCUSSION OF THE FINDINGS OF THE QUALITATIVE DATA

6.1 INTRODUCTION

In this chapter, the focus group discussion results from the second round of data collection for the current study are analysed and discussed. As described in Chapter Four of the research methodology, this phase attempts to augment the questionnaire surveys to strengthen the study. The responses to the questionnaire survey explain many facets of Ghanaian SMEs' perceptions of tax equity and compliance behaviour, as detailed in Chapter Five. The focus group discussion guide's (appendix B) general outline covers the same topics as the survey questionnaire (Appendix A). As a result, the organisation of this chapter is similar to that of the previous chapter

Discussion of the focus group interview results on the many parts of Tax Equity Perception and Compliance Behaviour among SMEs in Ghana is presented in section 6.2 under the topics Vertical Equity, Horizontal Equity, Exchange Equity, Compliance Intention, Tax Knowledge, Motivators of tax Compliance and Tax Compliance Behaviour. A summary of the focus group discussion results and conclusion of the chapter is presented in section 6.3.

6.2 FOCUS GROUP DISCUSSION RESULTS

From the beginning of the focus group discussion, the focus groups were allowed to give their opinion on their understanding of Tax Equity perceptions, Compliance Intention, Tax Knowledge, and Compliance Behaviour, together with other factors that motivate SMEs to adhere or not to adhere to their tax duties. As outlined in the focus group discussion guide, the focus groups were gradually asked to discuss different aspects of Tax Equity Perceptions and Compliance Behaviour, namely:

- vertical equity perception,
- horizontal equity perception,
- exchange equity perception,
- compliance intention,
- tax knowledge,

- tax compliance behaviour, and
- reasons/motivators of tax compliance.

The findings obtained from the focus group discussion are presented and discussed in the following sub-sections.

6.2.1 Beginning question: The understanding of Vertical Tax Equity and Compliance Behaviour among SMEs in Ghana

Key	Question	Number of Focus Groups
Vertical Tax Equity and Compliance Behaviour	1. What will be your response towards tax payment, returns filing and reporting of income if the amount of government income taxes you pay is more than people who make more money than you?	9
Negative perception	■■■■■■■■■■	8
Positive perception	■	1

The findings show that most respondents (8) perceived Vertical Tax Equity as unfair and inequitable and responded negatively to the statement. Only one participant/focus group had a positive perception of Vertical Tax Equity, as noted in his remark:

"I don't think I will pay my tax if I found out that I pay more tax than the rich or others who make more money than me." (Lamisi)

This remark is further investigated, as the literature reviewed highlighted the increasing attention paid to the role of vertical equity perception in influencing SMEs' compliance behaviour. For example, the study by Abdul et al. (2020) revealed that a taxpayer with a higher income should be

required to pay more tax than someone with a lower income. Again, the study of Jun et al. (2018) also reveals a significant positive relationship between religiosity and vertical Equity, implying that economic and social incentives are more effective than religiosity and religion on taxpayers' morale. Intuitively, if the government wants SMEs to comply with their tax obligations, issues about their equity perceptions must be considered when designing tax policies. Even though there are many measures to enforce voluntary tax compliance among SMEs in Ghana, tax system equity plays an integral role in promoting voluntary tax compliance (Kirchler et al., 2016).

Highlighting the understanding and the impact of Vertical Equity on Compliance Behaviour among SMEs in Ghana, one of the participants of the focus groups noted:

"Since the tax system fails to charge higher taxes for those in higher income tax brackets than we in the lower income tax brackets, we will not honour our tax obligations. According to the taxpayer, Tax Authorities and the Government cannot adequately determine who earns more income than the other to base their tax rate, thus ending up charging the lower-income earner than the high-income earners. He added that if we are treated according to our income levels, I will pay and file my tax returns for all the tax periods as required by law. Anything apart from that, I will find ways to either reduce or avoid payment and filing of my tax returns even though it is a mandatory requirement to pay and file my tax returns for all periods. I feel that the tax Authority and Government are cheating me, and I will get it back through underreporting and complete tax avoidance." (Zato)

The sentiment was echoed by SAMA SAMA, one of the participants, who remarked:

"If those who make higher incomes from their businesses are made to pay higher taxes than me who earn little income, I will pay and honour all my tax obligations." (SAMA SAMA)

SAMA SAMA, therefore, alternated that whether the tax system is fair or not, it is a mandatory requirement by law to pay and file all legally due taxes.

"If I have the option to pay, I will not pay and file my tax returns because I don't see the tax system to be equitable." (SAMA SAMA)

However, the overwhelming majority of respondents (n = 8) believed that the impact of vertical equity is more significant and apparent since it has the power to influence Ghanaian SMEs' willingness to voluntarily comply with tax laws. The participants further highlighted a positive

association between vertical equity perception and compliance behaviour among SMEs in Ghana. Prior research studies support these findings (Mbilla et al., 2018).

One of the participants from the Northern Region indicated:

"When SMEs with different economic circumstances and income tax brackets are treated or taxed differently, their equity perception of the tax system will be positive and improve their compliance intention towards voluntary compliance behaviour. If I feel that I am treated unfavourably by those who make more money than me, I will fail to comply with my tax obligations. Government and Tax Authorities should design a tax system that is more equitable and fairer for SMEs to comply." (ZAMZAM)

This suggestion implies that Government tax revenue will be improved, and the ultimate beneficiaries (SMEs) will benefit from government-improved services. Based on this, stakeholders can also develop specific tax policy directions to ensure that SMEs' voluntary compliance behaviour is the most visible role of Tax Equity Perception (Vertical). Illustrating this further, another participant from Wa Municipality in the Upper West region of Ghana noted:

"It is important for Tax Authorities and the Government to establish a tax system that will treat all taxpayers equitably and fairly since this has the potential to change negative perception to positive perception and increase Compliance Behaviour among SMEs." (SAKASAKA)

This remark corroborated the findings of Jun et al. (2018), Efebera et al. (2015) and Abdul et al. (2020). They revealed that Tax Equity Perception plays an essential role in SMEs' Compliance Behaviour. Almost the same view was expressed by another participant from the Bolgatanga Municipality in the Upper East Region of Ghana.

"A Tax system that is equitable and fair encourages voluntary tax compliance behaviour. To achieve this, Tax Authorities must devote efforts and resources to design an equitable tax system for all taxpayers." (AZOTOLO)

It then means that establishing transparency systems in the day-to-day administration of taxes by Tax Authorities will improve fairness in the tax system. This assertion is consistent with the studies of Jackson and Milliron (2016), Orviska and Hudson (2002) and Trivedi, Shehata and Mestelmen

(2005). They highlighted the importance of Tax Equity Perception and Fairness in promoting Compliance Behaviour.

Following Adam Smith's principles of a good tax system, equity is one of the core principles. Adam Smith (1960) states that "For a tax system to be equitable and fair, the taxpayer must have the ability and willingness to pay. If you earn high, you are expected to pay higher taxes; if you earn low, you are also expected to pay lower."

This section's connotation directly translates to any tax authority's intention to consider the tax rate when charging taxes on its citizens. The government and tax agencies must make conscious efforts to determine the tax base of every taxpayer to enable them to charge the appropriate tax rate. Government revenue generation will be defeated if taxpayers are levied at tax rates they could not pay. This study recommends that the ability to pay must be a guiding principle for all governments and tax administrators in designing and developing detailed tax policies. Also, taxpayers must be aware of the legislative obligations of tax administrators and the government. The tax system should be transparent so that the poor and the rich will know how much they contribute to promoting a trustworthy tax system. Hence, the following question seeks to discover if poor taxpayers pay more taxes than rich taxpayers.

Key	Question	Number of Focus Groups
Vertical Tax Equity and Compliance Behaviour	2. What will be your response towards tax payment, returns filing and reporting of income if you find out that the rich taxpayer pays more taxes than you?	9
Negative perception	■ ■	2
Positive perception	■ ■ ■ ■ ■ ■ ■	7

The findings are amazing, as most respondents (7) indicated that they would pay their taxes if they found out that the rich taxpayers indeed pay more taxes than them. Two of the respondents, however, think otherwise by indicating that they will not honour their tax obligations if they get to find out that they pay lower taxes than the rich taxpayers. One of them remarked:

"Whether the rich pay more taxes than me or not, I will not pay my taxes. What matters to me is a lower tax rate, not what the rich taxpayer pays. I think the tax authorities should look at the tax rate and not the equality between the rich and the poor taxpayers. If the tax rate is high and the rich pay less, I cannot pay my taxes because my business is small." (MARIA)

This comment was not different from the other participant, who also indicated:

"If the rich pay more or low taxes than me, it does not affect my business. What affects my business is the higher tax rate that I am battling. I will not pay and file my tax returns because the tax rate is high and not because the rich pay more or less tax than me. I don't even think that the rich pay more taxes than me." (AKOLO)

The remaining participants responded positively by indicating that they would pay all their taxes if they found out that the rich taxpayers pay more taxes than them, *ceteris paribus*. According to them, that is the only way they can view the tax system to be fair. One of the respondents from the Northern region remarked:

"I think that if the rich pay more taxes than me, I will pay and file tax returns for all periods because I feel that the tax system is fair. I also think those with big businesses should be paid more taxes than those with small businesses because they earn more income than us." (LAMISI)

This sentiment was echoed by one of the participants from the Upper East Region, who reported:

"Once I am made to pay tax according to how much I earned, I will pay and file my tax returns. However, if I find out that I pay more taxes than the rich, I will not even pay my tax nor talk of filing my tax returns." (ATAAGIA)

The other respondents/groups pointed out that Vertical Tax Equity in Ghana is regressive, implying that the poor would rather pay more taxes than the rich. The guiding principle of tax equity indicates that those who earn more income should be made to pay more taxes than those

who earn less. SMEs in Ghana perceived the larger businesses as not paying their required taxes. The remark was clear from the comment of one of the association leaders; LATIA stated clearly that:

"We have no power to refuse payment of taxes, but the rich should be made to pay more taxes than us. The rich always have their way out with tax authorities when paying taxes. How many SMEs are caught in tax fraud or avoidance? It is always the rich whose businesses are large."
(LATIA)

The comment is clear that Ghana's SMEs perceive the tax system as **regressive**. The implication is that SMEs perceived Vertical Tax Equity in Ghana as not equitable. Instead of the rich paying more taxes than the poor or small businesses, it is the opposite in Ghana. Adam (1960) indicated that a regressive tax system does not encourage tax compliance behaviour but instead is a disincentive to voluntary tax compliance.

In concluding the above discussion, it is crystal clear that Vertical Equity is crucial for compliance behaviour among SMEs. The results of this study are in line with Jackson and Milliron (2016), Orviska and Hudson (2002) and Trivedi, Shehata and Mestelmen (2005), who highlighted the importance of Tax Equity Perception and Fairness in promoting Compliance Behaviour. Jun et al. (2018), Efebera et al. (2015) and Abdul et al. (2020), in their studies, all revealed that Tax Equity Perception plays a significant role when it comes to SMEs' Compliance Behaviour. To ensure effective tax administration and voluntary tax compliance, tax authorities and the government must take a critical look at Vertical Equity perception, since it can change SMEs' compliance behaviour either negatively or positively. The next sub-section of the interview was to look at how Horizontal Equity Perception affects compliance behaviour among SMEs in Ghana.

Horizontal Equity Perception (HE)

According to Efebera et al. (2004), horizontal equity perception refers to the equitable treatment of taxes under similar conditions. It implies that taxpayers with comparable incomes need to pay taxes at the same rate. The perception of a taxpayer's tax burden relative to other taxpayers with similar economic circumstances is known as horizontal equity. From a vertical and horizontal perspective, tax equity significantly promotes tax compliance, especially among SMEs (Farrar et

al., 2020; Efebera et al., 2015). Venancio et al. (2020) and other scholars have opined that tax equity could be an incentive or disincentive to SMEs' tax compliance.

Investigations have been made into how the tax system's perceived equity affects tax compliance in the literature. The theoretical and conceptual understanding is that a taxation is an informal contract between the central government and the payer. The strength of the agreement between the taxpayer and the government depends on how the taxpayer views it (Damayanti & dan Supramono, 2012). Suppose the taxpayers are persuaded that the public service's duty in serving them is regarded as being effective, fair, and reasonable, the taxpayers are more likely to comply with tax regulations, which can raise the compliance rate (Benk et al., 2012; Torgler et al., 2008). Horizontal Equity was measured with two qualitative questions as indicated in the focus group discussion guide in appendix B. The table below presents the results of the first measurement statement on Horizontal Equity.

Key	Question	Number of Focus Groups
Horizontal Tax Equity and Compliance Behaviour	1. What will be your response towards tax payment, returns filing and reporting of income if you find out that most people who earn the same income as me pay more taxes than I do?	9
Negative perception	■■■■■■■	6
Positive perception	■■■	3

The findings revealed that most SMEs (6) perceived Horizontal Tax Equity as unfair and inequitable and responded negatively to the statement. 3 of the participants/focus group positively perceived Horizontal Tax Equity. One of the respondents indicated in his comment that:

"I don't think I will pay my tax if I find out that those who earned the same income pay more tax than me. It then means that it is unfair for t to pay more than me when we all earn the same income. The tax system should be designed so that all those who earn the same income and experience similar economic circumstances should be paid the same tax rate." (ANALOGUE)

This comment is further looked at, as indicated in the literature that increasing attention is paid to the role of Horizontal Equity perception in influencing SMEs' Compliance behaviour. Voluntary compliance is expected to increase as society feels that the tax system is fair and equal. Governments must make sure that tax revenues are used wisely, and that the nation's wealth is divided fairly so that everyone benefits from paying taxes as required (Mbilla et al. 2018). Similar investigations by Efebera et al. (2004), Margaretha et al. (2020), Azemi et al. (2020), and Farrar et al. (2020) conflict with the conclusions of this study. These studies discover that the perception of horizontal equity has an insignificant impact on tax compliance behaviour. The nature of fairness perceptions and the psychological mechanisms that give rise to such perceptions are still poorly understood as argued by previous tax research on equity perceptions. They claimed that this kind of notion of equity about tax payment would lead to an increase in non-compliant behaviour. However, some studies, including Abdul et al. (2020), showed no connection between tax compliance behaviour and the perception of horizontal equity. Revealing the understanding and the impact of Horizontal Equity on Compliance Behaviour among SMEs in Ghana, another participant noted:

"The inability of the government and tax authorities to charge equal rates of tax on equal earnings is why I will not pay my tax and file the necessary tax returns. According to FLO, Tax Authorities and the Government cannot adequately determine taxpayers who earn the same income that should attract the same tax rate. Thus, ended up charging different tax rates on those who earn the same income and experience the same or similar business challenges. He added that if we are treated according to our income levels, I will pay and file my tax returns for all the tax period as required by law." (FLO)

Her comment was further deliberated by MAMA, who remarked:

"If those who make the same income, as I do are made to pay higher taxes than me, then I think the tax system is unfair. We all make the same income and should therefore be paid the same tax

rate. I don't even think I will pay and file my tax returns If I have the option to pay because I don't see the tax system as fair." (MAMA)

Furthermore, most of the participants (6) pointed out that the role of Horizontal Equity is very critical since it has the potential to either reduce or increase voluntary tax compliance behaviour among SMEs in Ghana. Venancio et al. (2020) and other scholars have opined that tax equity could be an incentive or disincentive to SMEs' tax compliance behaviour.

One of the participants from the Upper West Region remarked:

"When SMEs with similar or the same economic challenges and income levels are perceived to be taxed differently, their equity perception about the tax system will be negative, reducing their compliance intention towards voluntary compliance behaviour. But if I feel I am treated differently from those who make the same income as me, I will fail to comply with my tax obligations. He further suggested that the Government and Tax Authorities should design a tax system that is more equitable and fairer for SMEs to comply." (ZAM)

The rationale behind this suggestion is that stakeholders can also base on this to develop specific tax policy direction to ensure SMEs' voluntary compliance. Also, another participant from Kaleo-Nandowli in the Upper West region of Ghana indicated:

"It is important for Tax Authorities and the Government to establish a tax system that will treat all taxpayers equitably and fairly since this has the potential to change negative perception to positive perception and increase Compliance Behaviour among SMEs." (SAKASAKA)

His comment is in line with the findings of Venancio et al. (2020) and other scholars such as Jun et al. (2018); Efebera et al. (2015), and Abdul et al. (2020) who revealed that Tax Equity Perception plays a significant role when it comes to SMEs Compliance Behaviour. Similar to the above comments was a remark expressed by another participant from the Bawku Municipality in the Upper East Region of Ghana.

"I think that tax authority and all those in charge in the administration of tax should treat all alike equal and the un-alike different. If I feel cheated by the tax authority and the government, I will not pay and file my tax returns." (ZOUMSAL)

Therefore, this suggestion implies that Horizontal Tax Equity is not proportional and defeats the principle of a good tax system. Tax authorities and the government must devote resources and efforts to ensure that the tax system is equitable and transparent to all taxpayers. The results are in line with Orviska and Hudson (2002) and Trivedi, Shehata and Mestelmen (2005), who revealed the importance of Horizontal Equity Perception and Fairness in promoting Compliance Behaviour.

All three participants exhibited similar remarks, which are contrary to all the earlier comments as clearly indicated:

"As for me, I will pay and file my tax returns to the tax authorities because paying tax is a mandatory requirement and does not matter whether the tax system is fair and equitable. If someone is paying more tax than me, how does that affect my business not to comply? I think the government and the tax authorities are doing well to ensure that the tax system is fair and equitable to everyone." (LAMISI)

While most of the participants think that they will not pay and file tax returns because there is no tax equity, few of the participants think that the government and those charged with the responsibility to administer taxes are doing their best to promote tax fairness and equity, hence their voluntary compliance. They indicated that they would pay and file all their tax returns. Also, most taxpayers indicated that even if the system is fair and equitable, the tax rates are too high for them to pay. They further added that they could not access the legally required taxes. This study recommends that the ability to pay must be a guiding principle for all governments and tax administrators in designing and developing detailed tax policies. Also, taxpayers must be made to know of the legislative obligations of tax administrators and the government. The next question in this section seeks to ask participants of their responses if they pay lesser taxes than those who make about the same income.

Key	Question	Number of Focus Groups
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Horizontal Tax Equity and Compliance Behaviour	2. What will be your response towards tax payment, returns filing and reporting of income if those who earn about the same income as you pay lower taxes than you?	9
Negative perception	■ ■ ■ ■ ■	5
Positive perception	■ ■ ■ ■	4

The results are interesting, as the minority of respondents (4) indicated that they would pay their taxes if they found out that those who make the same income pay lesser taxes than them. The majority of the respondents, however, think otherwise by indicating that they will not pay their taxes if they get to know that those who are in the same income brackets as they pay fewer taxes than them. One of them remarked:

"Whether I pay less or more tax than those in the same income bracket with me or not, the fact remains that the tax system is not fair and equitable. I think that I will not pay and file my tax returns." (SAMIA)

This comment was not different from the other participant, who also indicated:

"If those with the same income pay less taxes than me, how does this affect my business? What affects my business is the higher tax rate and not tax equity. I will not pay and file my tax returns because I cannot pay my tax due to high tax rates on my business." (AKOLO)

Most respondents responded positively by indicating that they would pay all their taxes if they found out those in the same income brackets paid less. One of the respondents from Tamale in the Northern region remarked:

"I know that tax payment and filing of my tax returns is a mandatory requirement by law. Even if I found out that those who make about the same income as me pay less tax than me, I will pay and file tax returns for all periods because I feel that sometimes I also pay less tax than them. I also think that it does not lie in my power to choose to pay or not, neither does it lie in my power to determine what is fair and equitable?" (LAMISI)

This sentiment was echoed by one of the participants from the Upper East Region, who reported:

"I think that paying less taxes by those who make the same income as I do does not affect my business operation. I will pay and file my tax returns even if found out that they pay less tax than me." (MAFIA)

The guiding principle of tax equity indicates that those who earn more income should be made to pay more taxes than those who earn less, and likewise, those who earn about the same or similar income should be charged the tax rate. According to the SMEs, this is not the case in Ghana. The results were clear from the comment of one of the association leaders; he remarked:

"We have no power to refuse payment of taxes, but those in the same income brackets should be made to pay the same tax rate. Different tax rates will make me feel that the system is unfair. However, I think I will pay and file all my tax returns as required by law." (DAGBANA)

The results indicate that Ghana's SMEs do not perceive Horizontal Equity as proportional or equitable. The results further imply that SMEs perceived Horizontal Equity in Ghana not to be equitable. Horizontal Equity is very crucial when it comes to compliance behaviour among SMEs. The results of this study are in line with the study of Jackson and Milliron (2016), who highlighted the importance of Tax Equity Perception and Fairness in promoting Compliance Behaviour. The study by Jun et al. (2018) and Efebera et al. (2004) revealed that Tax Equity Perception plays a significant role in SMEs' Compliance Behaviour. Tax authorities and the government must take a critical look at Horizontal Equity perception since it can change SMEs' compliance behaviour negatively or positively (Venancio et al., 2020). The next sub-section of the interview looked at how Exchange Equity Perception affects compliance behaviour among SMEs in Ghana.

Exchange Equity Perception and Compliance Behaviour

The fiscal exchange theory contends that by effectively contributing to society, the government could increase tax compliance (Jun et al., 2018; Moore, 2004). Azemi et al. (2020) also stated that non-compliance is expected to rise in areas where taxpayers believe the tax system has low exchange fairness. Additionally, Abdul et al. (2020) and Margaretha et al. (2020) discovered a statistically significant relationship between exchange equity perception (fairness) and tax compliance behaviour. The authors also made the case that to improve tax compliance,

governments and taxing bodies must offer taxpayers advantageous services that alter their impression of equity. The notion of exchange equity, however, had little to no impact on tax compliance behaviour (Farrar et al. 2020).

Two (2) questions were constructed to measure exchange equity perception.

Key	Question	Number of Focus Groups
Exchange Equity and Compliance Behaviour	1. What will be your response towards tax payment, returns filing and reporting of income when you compare the amount of income taxes you pay to the number of services you get back from the government?	9
Negative	■■■■■■■■■■	8
Neutral	■	1
Positive	-	0

The findings show that most of the participants (8) think comparing the amount of taxes they pay to the benefits received from the government is unfair. Only one participant/focus group had a neutral perception of Exchange Equity, as noted in his remark:

"I don't even know whether the benefits that I receive from the government when compared to the taxes that I pay is fair or unfair. I sometimes pay and file my tax returns." (ZULU)

The remark is further investigated, as the literature reviewed highlighted the increasing attention paid to the role of Exchange Equity perception in influencing SMEs' Compliance behaviour. The studies by Abdul et al. (2020) and Margaretha et al. (2020) discovered a significant impact of perceived exchange equity (fairness) on tax compliance behaviour. The results of the current investigation are consistent with the findings of Farrar et al. (2020). Exchange equity is predicated

on the idea that taxpayers want their tax contributions to be matched by benefits they receive from the government, and intuitively, if this does not happen, it will affect their compliance behaviour. Highlighting the understanding and the impact of Exchange Equity on Compliance Behaviour among SMEs in Ghana, one of the participants of the focus groups indicated:

"I don't think the amount of taxes I pay compared to the benefits I receive from the government is fair. I don't even see any benefits that I receive from the government. If the government want us to pay our taxes, the government should give us what we want, and we will pay. I don't think I will pay and file all my tax returns because the government doesn't use taxes to our benefit."
(SAMASAMA)

The sentiment was echoed by Lamisi, one of the participants, who remarked:

"The government should give us what we want, and we will pay our taxes. I pay my tax, yet I get nothing in return from the government. Our businesses are always out of electricity, yet the government expect us to pay our taxes. The number of benefits I get from the government compared to my taxes is unfair. I will not pay and file my tax returns because I feel that the government does not spend our tax money judiciously." (LAMISI)

Most taxpayers, especially SME owners, do not perceive a fair return to society. Hence, most SMEs resort to not complying with tax laws. Also, where SMEs perceive that the government is not fulfilling its social contract with society and taxpayers, tax non-compliance is likely to increase, *ceteris Paribus*. Participants further highlighted a positive correlation between exchange equity perception and compliance behaviour. Abdul et al. (2020), Margaretha et al. (2020), and Azemi et al. (2020) revealed a statistically significant relationship between the sense of exchange equity (fairness) and tax compliance behaviour. The authors further stated that to alter taxpayers' perceptions of equity and favourably impact tax compliance, governments and tax authorities must offer taxpayers useful services. However, Farrar et al. (2020) found that the perception of exchange fairness had little to no impact on tax compliance behaviour.

Another respondent from the Northern Region stated:

"The government waste our taxes on activities that do not benefit small businesses. Government support services are directed toward large businesses; we are neglected because our business

size is small. I don't think that, as an SME, I will pay and file my tax returns. Even though it is a requirement to pay and file all my tax returns, I don't perceive Exchange Equity perception to be fair and will not honour my tax obligation under the tax law." (NADIA)

Also, another participant from Wa Municipality in the Upper West region of Ghana noted:

"During the COVID-19 pandemic, the government gave out GHS600 million to support the SMEs sector, but these monies ended up in the hands of large businesses and political cryonics. I do not benefit anything from the government COVID-19 support fund. I don't think I will pay and file my tax returns because when I compare the taxes, I pay to the benefits I get from the government, I feel that it is unfair." (SAKASAKA)

The above two remarks are consistent with the quantitative results of this study in Chapter Five and corroborate the results of Efebera et al. (2004) and Farrar et al. (2020). They revealed that Exchange Equity Perception plays a significant role in SMEs' Compliance Behaviour. The unfairness of the tax system was found to be common among all respondents in this section. Next, this section looks at respondents' answers if they feel that they pay more taxes than the benefits they receive from the government.

Key	Question	Number of Focus Groups
Exchange Tax Equity and Compliance Behaviour	2. What will be your response towards tax payment, returns filing and reporting of income if you pay more income taxes than you receive in services from the government?	9
Negative perception	■■■■■■■■■■	8
Positive perception	■	1

The results revealed that most respondents (8) indicated that they would not pay and file their taxes returns if they paid more taxes than they received in services from the government. One of the respondents, however, thinks otherwise by indicating that she will pay and file her tax returns even though she receives fewer services from the government. One of them remarked:

"If I pay more taxes to the government and receive less benefits in services from the government, I don't think that I will pay and file my tax returns. I would rather do everything possible to reduce or avoid paying my tax because I think the government is cheating on me. MARIA recommended that, for government to increase voluntary compliance, it must improve its services to SMEs to encourage them to pay their taxes." (MARIA)

Her remark is similar to other participants who also indicated:

"How can I continue to pay and file my tax returns when I always receive less benefits from the government? If I pay more taxes than the services I receive from the government, I will find a way to reduce my income so that I can pay less tax." (SAM)

The implication from the above comments all points to the fact SMEs do not perceive Exchange Equity in the tax system and will therefore not pay and file their tax returns. Respondents recommended that if the government wants them to pay their taxes, the tax system should be fair and equitable. One of the respondents from the Northern region noted:

"I am not satisfied with the services I receive from the government compared to the taxes I pay. I always pay experts to assist me in preparing and filing my tax returns. Why can't the government and tax authorities assist us with these services? I don't think that I will pay my tax nor talk of filing my tax returns." (LAMISI)

This sentiment was echoed by one of the participants from the Upper East Region, who reported:

"I don't even know what the government does with my tax money. How can I pay my tax yet? I don't know what the government uses my tax money for and still expects me to pay my tax. I will only pay my tax if I am made to know what the government does with my tax monies. Until then, I will never pay and file my tax returns." (NABIA)

Most respondents/groups think there is no Exchange Equity in the tax system and therefore do not pay and file tax returns. Again, the respondents think Exchange Equity has a greater impact on their compliance behaviour. Also, the respondents perceived that there are no strong government accountability systems to demonstrate to taxpayers how and what their tax monies are used. It was confirmed by one of the association leaders, who stated:

"Account to us what you do with our tax monies? And we will pay and file our tax returns. We have no power to refuse payment of taxes, but we can reduce our incomes or hide other sources of our income for tax purposes even though it is not legal to do that. The government should be transparent to us by accounting for what they use our tax monies for." (KARIBEA)

SMEs in Ghana believe that the tax administration system is unfair and regressive. Also, the qualitative results on Tax Equity Perception are consistent with Chapter Five's quantitative findings.

The findings of this study also corroborate prior studies such as Jackson and Milliron (2016), Orviska and Hudson (2002) and Trivedi, Shehata and Mestelmen (2005), who highlighted the importance of Tax Equity Perception and Fairness in promoting Compliance Behaviour. Jun et al. (2018), Efebera et al. (2015) and Abdul et al. (2020), in their studies, all revealed that Tax Equity Perception plays a significant role when it comes to SMEs' Compliance Behaviour. To ensure effective tax administration and voluntary tax compliance, Tax authorities and the government must take a critical look at Tax Equity perception, since it can change SMEs' compliance behaviour either negatively or positively. The next sub-section of the focus group discussion looks at the role of Compliance Intention in enhancing Tax Equity Perception and Compliance Behaviour among SMEs in Ghana.

Compliance Intention

Compliance intention represents the mediating variable between tax equity perception and tax compliance behaviour. This study argues that equity perception does not directly affect tax compliance behaviour because it passes through tax compliance intention. When SMEs develop an equity perception of the tax system, it first influences their compliance intention, which in turn causes compliance behaviour. This argument stems from the theory of reasoned action that

envisages people's behaviour based on their behavioural intentions. It explains further that the intention to engage in a particular behaviour precedes the actual behaviour (Fishbein & Ajzen, 1967). For instance, if SMEs perceive inequality in the tax system in Ghana, they will first form their compliance intention. If the compliance intention is negative, they develop negative tax compliance behaviour.

After a thorough review of the empirical literature, studies have indicated that people's perceptions of tax equity and how this can limit their intentions to comply are not well understood. Venancio et al. (2020) argued that understanding tax equity perceptions varies among taxpayers and countries due to jurisdictional differences, tax system differences, traditions, culture, values, norms and perceived behavioural controls. Several studies such as Efebera et al. (2004), Byram et al. (2017), Abdul et al. (2020), Farrar et al. (2020), Jimenez, p & Lyer, G. S. (2016) and Margaretha et al. (2020) all misconstrued to conceptualised tax equity and tax fairness to mean the same concept and tax compliance behaviour and compliance intention to mean the same phenomenon by arguing that higher compliance intentions increase compliance behaviour predictability. This argument was supported by the planned behaviour theory that seeks to suggest that behaviour is almost the same as the intention; this, therefore, contradicts the economic theory of crime and the economic deterrence theory of punitive measures and penalties that postulate that taxpayers are rational beings and will always compare the benefits of evading taxes as against the cost of penalties and fines; if the benefits exceed the cost of penalties and fines, compliance intention can be high. Still, compliance behaviour will be low; therefore, the argument that the higher the compliance intention, the greater the predictability of compliance behaviour is not true and hence need further exploration for better understanding. Responses from question 10 from the focus group discussion guide are used to answer the research question 'How does compliance intention mediates the relationship between equity perceptions and compliance behaviour among SMEs in Ghana? Compliance Intention was tested using a scenario base question. The scenario was “Mr Mbilla owns a small business and pays income tax on his business earnings. Mr Mbilla is also a part-time cleaner at a Public University where he earns an annual part-time allowance of GHS10,000. Assuming you were Mr Mbilla.”

Key	Question	Number of Focus Groups
Compliance Intention	1. What will your response be towards payment, reporting and tax filing on the GHS10, 000 part-time allowances?	9
Negative perception	■■■■■■■■■■	9
Positive perception		0

The responses from the participants indicate that all the respondents (9) stated that they would not add all the GHS10,000 nor part of the GHS10,000 part-time allowance to their business income for tax purposes. The following are respondents' comments on whether they will report and file returns on the GHS10,000 additional part-time allowance as reported in the scenario above. One of the respondents from Navrongo in the Upper East region remarked:

"If I were in Mr Mbilla's situation, I would not add all the GHS10,000 additional part-time allowance to my business income for GRA to tax me. I think that the tax system is not fair to me. The part-time allowance is not part of my business income, and I cannot add that to my earnings for tax purposes." (AMA)

This comment was consistent with the findings of the preceding Chapter Five (questionnaire survey results), as the majority of responders strongly disagreed with the assertion that they would add all the GHS10,000 additional part-time allowance. It was not different from the other participants, who also indicated:

"I will not add part of the part-time allowance nor talk of all the GHS10,000 additional income if I was in Mr Mbilla's situation. I feel that the government is not using my tax money judiciously.

Also, I think the government is corrupt and mismanages my tax monies. It will be a waste of my resources to add the additional part-time allowance to my business income and pay tax on it. If the government uses my tax monies on things that benefit me as an SME owner, I will report all my income sources of my income and file tax returns on all." (SAM)

All the respondents responded negatively by stating that they will not report anything from the GHS10,000 part-time allowance and talk less about paying and filing tax returns on it. Another respondent from Tamale in the Northern region noted:

"I will not report anything. I am already overburdened with taxes yet receive nothing in return from the government. I will not even let the tax authority and the government know that I have a part-time job nor talk about filing my tax returns. The government should give us loans and other incentives to support my business." (LAMISI)

This sentiment was echoed by one of the participants from the Upper East Region, who reported:

"If I were in Mr Mbilla's situation, I do not think that I have the intention to report part of the GHS10,000 part-time allowance as part of my business income. The government and the tax authorities are always cheating me; this is an opportunity for me to take my money back because I pay my taxes to the government but get no benefit in returns." (MAFIA)

This comment confirms that a person's intention to comply depends on several factors. Some of these factors include equity and fairness in the tax system. These results also confirm the quantitative results in Chapter Five, where most respondents agreed they would not report part of the GHS10,000 part-time allowance as part of their business income. The results were crystal clear from the remark of one of the association leaders, who remarked:

"I know that I must report all my sources of income to tax authorities. If I fail to comply, I will be punished with fines and penalties, but because the tax system is unfair and inequitable to SMEs, I don't think I will report and file tax returns if I were in Mr Mbilla's situation" (GBC)

This study's findings align with the theory of reason actions and planned behaviour, which postulates that the likelihood of compliance behaviour increases with compliance intention, *ceteris paribus*. When SMEs have a favourable equity perspective of the tax system, it first affects their intention to comply, which then results in compliance behaviour. This argument is founded on the

theory of reasoned action, which hypothesises that people act in ways that are consistent with their behavioural intentions. It goes on to say that the decision to engage in a particular behaviour is preceded by the intention to do so (Fishbein & Ajzen, 1967). The findings imply that compliance intention is almost the same as compliance behaviour and therefore has no mediation effect. The focus group discussion results do not differ from the questionnaire survey findings in Chapter Five of this study. The results of this study are credible, reliable, and robust and can be generalised for policy formulation and direction. The researcher looked at how tax knowledge affects the relationship between tax equity and compliance behaviour among SMEs in Ghana.

Tax Knowledge and Compliance Behaviour

According to Loo et al. (2009) and Farrar et al. (2020), taxpayers must have a particular level of tax expertise to file returns on time, declare the correct amount, and calculate their tax responsibilities. Therefore, equality perception and tax compliance behaviour are likely to be influenced by tax knowledge.

It should be highlighted that in addition to having an impact on compliance, tax knowledge also has an impact on how taxpayers perceive tax equity (Loo et al., 2009), which can alter how they behave in terms of compliance. The researcher employed the focus group discussion method to get qualitative information from the respondents to evaluate the extent of tax knowledge among SME owners in Ghana.

Three (3) open-ended questions were developed under this section to solicit participants' responses.

Key	Question	Number of Focus Groups
Tax Knowledge and Compliance Behaviour	1. What will be your response towards reporting, payment and filing of taxes if you are provided training or education on how to pay, report and file tax returns?	9
Negative perception	■	1
Positive perception	■■■■■■■■■■	8

The responses revealed that most respondents (8) agreed they would comply if provided with training and education on their tax obligations. Only one of the respondents does not think that training and tax education impact his compliance behaviour. The results supported the remark:

"Training and education do not increase my business income; it wastes time I will use to run my business to earn profit. Even if it is important, it does not reduce the taxes; my business is already overburdened. I don't think I will pay my tax even if I am provided with training on reporting and filing my tax returns." (SAM)

This comment indicates that providing SMEs with training on how to report, pay and file tax returns is not the only factor that can influence their compliance behaviour but also includes factors like the tax rate and equity perceptions. The government must ensure that tax rates are considered when taxing SMEs. Also, the government must ensure that the national wealth is distributed equitably so everyone benefits from their tax obligations as required (Mbilla et al. 2018). This study's findings contradict similar studies such as Fauziati et al. (2016) and Mwandambira (2017) which found a negative link between tax knowledge and compliance behaviour. The authors

argued that training and education to improve tax knowledge would lead to tax non-compliance. This view synchronised with the above comment that training on our tax obligations does not change compliance behaviour.

Revealing the understanding and the influence of the level of tax knowledge among SMEs in Ghana and their compliance behaviour, another participant noted:

"It is important for tax authorities to provide us with training and education on reporting our income, paying our taxes and filing our tax returns as required by law. If I am provided with training, it will help me to determine if the tax authorities are cheating me. I think I will report all my income, pay all my taxes and file tax returns if I am provided with the necessary training to enable me to do so." (FLO)

Her comment was further echoed by AKOLOG, who remarked:

"If I am provided with training and education on how to report my income, pay my taxes and file my tax returns, I will not waste money to pay someone else to assist me in preparing and filing my tax returns. Providing small business owners with training will improve our knowledge about the tax system. It will also encourage us to comply with our tax obligations." (AKOLOG)

It is clear from this comment that SMEs in Ghana think that if the tax authority provides them with training and education on reporting, paying and filing their tax returns, they will voluntarily comply with their tax obligations.

Furthermore, the clear majority of respondents (8) stated that tax knowledge is important because it has the potential to influence SMEs' willingness to voluntarily comply with tax laws in Ghana. Asrinanda (2018) investigated how taxpayer compliance in Banda Aceh was impacted by tax awareness, self-assessment, and knowledge. His research showed that SMEs' compliance practices were highly impacted by tax expertise.

In addition to the above, one of the participants from the Upper West Region remarked:

"When you trained us, you have opened our eyes to understand the tax system and judge you, and if you fail to train us, we remain blind and continue to think that you are cheating us. If we have good knowledge about the tax system and the processes involved, we can understand

whether the tax system is fair or not. When we are provided with the education, our perception about the tax system will change, and we will be willing to comply." (ZAM)

The rationale behind this comment is that tax knowledge plays a vital role in influencing compliance behaviour among SMEs in Ghana. SMEs in Ghana think that if they are provided with training and education, their knowledge about the tax system will be improved, and having improved knowledge will enable them to report and file their tax returns. Another participant from Kaleo-Nandowli in the Upper West region of Ghana indicated:

"Sometimes I want to file my tax return, but I don't know how to do it. If the tax authorities give us training and education, I think it will give us knowledge and understanding on how always to report and file our tax returns." (SAKASAKA)

His remark is consistent with the results of Asrinanda (2018) and other scholars, such as Farrar et al. (2020). They revealed that Tax Knowledge plays a significant role in SMEs' Compliance Behaviour. Similar to the above comments was a remark expressed by another participant from the Bawku Municipality in the Upper East Region of Ghana:

"I think that it is the responsibility of tax authority and all those responsible in the administration of tax in Ghana to put necessary efforts to provide training and education to taxpayers, especially the SMEs, to enable them to comply with their tax obligation." (ZOUMSAL)

Therefore, this suggestion implies that tax knowledge cannot be left out regarding SME equity perceptions and compliance behaviour. Tax authorities and the government must devote resources and efforts to ensure that taxpayers are adequately trained to perform their legally mandated obligations. The findings are in line with Adhiambo (2019), who looked at the factors (tax knowledge and education) influencing Nakuru merchants' tax compliance. Adhiambo's study reveals that tax knowledge and education positively and substantially influence tax compliance behaviour. Also, According to Loo et al. (2009) and Farrar et al. (2020), taxpayers must have a particular level of tax expertise to file returns on time, declare the correct amount, and calculate their tax responsibilities. These findings suggest that tax knowledge affects how tax equality is perceived and how taxpayers behave when it comes to compliance.

It should be highlighted that tax knowledge affects taxpayers' perceptions of equity in addition to how they comply with the law (Loo et al., 2009).

Next in this section is the responses to the second question to investigate tax knowledge. The discussion is illustrated below.

Key	Question	Number of Focus Groups
Tax Knowledge and Compliance Behaviour	2. What will be your response towards payment, reporting and filing of taxes if you are aware of the penalties for not paying, reporting and filing tax returns?	9
Negative perception	■ ■ ■ ■	4
Positive perception	■ ■ ■ ■ ■	5

The respondents' responses were sharply divided in this section. Whereas 5 of the respondents say they are aware of penalties and fines associated with non-compliance, 4 of the respondents indicated that they are not aware of penalties and, even if they are aware, will not comply with their obligations because the cost of compliance is too high. ZULU clearly remarked:

"If I will pay high to comply, it is better to prefer penalties and fines. I pay so much for tax consultancy services and experts to assist me in preparing and filing my tax returns. I don't get any help from tax authorities to enable me to file my tax returns. They don't care about us, and I Pay because sometimes the taxes and the cost to comply are far more than the penalties and fines." (ZULU)

This comment was similar to the recommendation made by one of the association leaders:

"Tax authorities and the government should put measures to reduce the cost of compliance to enable SMEs to comply. He added that we want to comply, but compliance costs are too high for us as SMEs." (POWER)

Again, one of the participants noted:

"I get excess benefits if I don't comply. I can pay the penalty and still be better off. Don't worry me about penalties and fines. I am aware of the penalties but will not comply." (SHAKA)

All the above comments and recommendations confirmed the questionnaire survey results in Chapter Five of this study that sought to suggest that taxpayers will not comply if the benefits of evading taxes exceed the cost of non-compliance (penalties). This argument was supported by the planned behaviour theory and the reason actions theory which seek to suggest that taxpayers are rational beings and will always act according to their behavioural intentions. This argument, therefore, contradicts the economic theory of crime and the economic deterrence theory of punitive measures and penalties which postulates that taxpayers are rational beings and will always compare the benefits of evading taxes against the cost of penalties and fines, and if the benefits exceed the cost of penalties and fines, compliance behaviour will be high *ceteris paribus*. Highlighting the role that sanctions and penalties play in enforcing tax compliance behaviour, one of the participants of the focus groups indicated:

"I am aware of the penalties; I always pay and file my tax returns. I don't want my business to be taken to court if I fail to comply. I understand the penalties and fines for non-compliance are huge; if I don't comply, I may use my business capital to pay for it." (SAMASAMA)

The sentiment was echoed by Lamisi, one of the participants, who remarked:

"Because my business image will be in the bad news for being taken to court to pay penalties and fines for non-compliance, I always pay and file my tax returns. I also know that my legal obligation is to pay and file my tax returns. I will not wait to be taken to court before I pay and file returns." (LAMISI)

Most taxpayers, especially SME owners, fear penalties, hence they will always resort to complying with their tax obligations. The findings of the current study were supported by the study of

Adhiambo (2019), which showed that tax knowledge and education had a favourable and significant influence on tax compliance behaviour. However, contrary to the findings of the present study, Fauziati et al. (2016) and Mwandiambira (2017) discovered a negative association between tax knowledge and compliance behaviour. Another respondent from the Northern Region recommended:

"The government must take the issue of tax non-compliance seriously by making penalties more punitive enough to deter those who don't want to pay and file tax returns to now comply. Those who evade taxes think that the penalties are too small, so they can evade and pay them off. Failure from the government to do this will force some of us to stop paying our taxes." (NADIA)

Also, another participant from Wa Municipality in the Upper West region of Ghana remarked:

"It is not about awareness of penalties but lack of enforcement by the tax authorities and the government. The laws are there, but no one enforces them. It boldens deviants not to comply because nothing compels them to stop. If the tax laws are made to work, tax non-compliance will be reduced, and government revenue will be improved dramatically." (SAKASAKA)

The above two remarks are consistent with the quantitative results of this study in Chapter Five and corroborate the results of Loo et al. (2009) and Farrar et al. (2020). They revealed that tax knowledge plays a significant role in SMEs' compliance behaviour. Next, the third and last question for the section on the physical location of the tax office, tax laws, and the amount of taxes to be paid is discussed.

Key	Question	Number of Focus Groups
Tax Knowledge and Compliance Behaviour	3. What will be your response towards payment, reporting and filing of tax if you know the physical location of the tax office, tax laws, and the amount of tax to be paid?	9
Negative	■ ■ ■	3
Neutral	■ ■ ■	3
Positive	■ ■ ■	3

The respondents' answers were evenly distributed under this section. There was no majority in their responses. Three (3) of the respondents think it is vital to know the physical location of the tax office, tax laws, and the amount of tax to be paid. Three (3) of the respondents with negative perceptions indicated that it is unimportant. Also, three (3) respondents indicated that they do not know whether or not it is important. One participant/focus group had a neutral perception of tax knowledge, as noted in his remark:

"I don't think that it is important for me to know the physical location of the tax office. Tax officials will always come around for me to pay my tax. Even if I know the physical location of the tax office, It does not increase my business income, so I will not report, pay and file my tax returns." (SAM)

Similar to this comment was the remark:

"It is not important to me to know the tax laws. If I knew the tax laws, my taxes would not be reduced. Tax authorities and the government should not waste their resources on educating

taxpayers on tax laws because it will be harming than good. Those who know the tax laws are those who are evading the taxes." (PM)

The two comments above clearly indicate that the most literate taxpayers are those who rather engage in tax evasion, as the literature highlighted. According to Bird (2014), tax literacy, which encompasses general, legal, and technical awareness, has little effect on SMEs' tax compliance. The findings show that even the most tax-aware taxpayers are not always tax-compliant. Bird's findings are consistent with the qualitative results highlighted in the above two remarks. Also, other participants of the focus groups think otherwise of the remarks by indicating:

"It is important to be aware of the physical location of the tax office and the tax laws. So that tax officials can always assist me in reporting, paying and filing my tax returns. Also, if I know the tax laws, my understanding of the tax system and how it operates will be improved. Tax authorities and the government devote resources to educate taxpayers on tax laws; if taxpayer tax knowledge is enhanced, it has the potential to change their equity perception and increase compliance behaviour." (SIKA)

The sentiment was echoed by PM, one of the participants, who remarked:

"Known how much tax to pay to the government is very crucial. If I am aware of the amount of tax to be paid each period, it helps me always to plan on how to pay it as it is due. Tax authorities don't even tell us how much tax we will pay in advance of time, nor talk about when to pay the tax. We will be in our office only to see them demanding payment of tax when they don't even make us know how much we are to pay." (PM)

These remarks imply that most taxpayers, especially SME owners, will always resist tax payment because the tax authority does not always inform them about the amount to be paid ahead of time. Also, SMEs' comprehension of the tax laws will contribute to their compliance behaviour. Savitri (2016) looked into how service quality mediation affected the connections between taxpayer compliance, tax awareness, tax socialisation, and tax penalties. The results showed that service quality had an impact on the correlation between taxpayer compliance, tax fines, and knowledge. Olaoye, Ayeni-Agbaje, and Alaran-Ajewole (2017) examined the impact of tax administration, knowledge, and information on taxpayer compliance in Nigeria. Tax administration did not affect compliance behaviour, however, tax knowledge and understanding had a positive effect. This

study suggests that rather than tax administration, tax knowledge and understanding are likely to promote adherence to tax laws. Through its institutions, the government should actively educate potential taxpayers about tax laws and regulations.

The above observations are in line with the quantitative findings in Chapter Five of this study and also support those of Adhiambo (2019), who found that tax knowledge and education had a favourable and significant impact on SMEs' tax compliance behaviour. Additionally, the research by Adewale (2017) and Farrar et al. (2020) showed that taxpayers' tax knowledge influences SMEs' compliance behaviour. The amount of tax that must be paid was viewed generally by SMEs as unclear and lacking equity. Additionally, SMEs in Ghana concurred that tax knowledge has the power to drastically alter their behaviour, for better or worse. To raise the level of tax knowledge among SMEs, the government and tax authorities must offer training and education campaign programmes. With the help of this intervention, taxpayers will be able to comprehend tax laws, administrative processes, and how the system works.

Next is the final section of this study which seeks to investigate other motivators of tax compliance that are not considered in the above.

Other Motivators of Tax Compliance

Under this section, responses from respondents about other factors that influence their decision to comply or not to comply were grouped into economic, institutional, individual and social. Many factors that affect tax compliance have been discovered by various research works, including demographics, income, compliance costs, tax agents, and moral or ethical concerns (Singh, 2003, Abdul et al., 2020). Kung (2016) identified four main elements that affect tax compliance: financial concerns, non-financial considerations, institutional problems, and psychological characteristics. Kirchler (2007) and Loo (2006) outline four categories: economic, institutional, social, and individual factors of tax compliance, particularly among small enterprises. In this section, again, respondents were asked to express their views on specific measures that can be developed to encourage them to comply with their tax obligations. One question was constructed to solicit respondents' views, see below:

1. In your opinion, what are some factors or reasons why SMEs fail to honour their tax obligation?

During the discussion, respondents indicated that other motivators besides tax equity perceptions and tax knowledge contribute to their compliance or non-compliance behaviour. The responses from this section confirm the questionnaire survey results in Chapter Five under the heading Motivators of tax compliance. Below are the responses.

Key	Question	Number of Focus Groups
Economic Motivators of Tax Compliance	1. In your opinion, what are some factors/reasons why SMEs fail to honour their tax obligation?	9

The majority of the respondents remarked that economic motivators play a vital role when it comes to their compliance behaviour. It is imperative to state that penalties and fines, tax rates and cost of compliance were the dominant economic factors identified by respondents during this discussion, as one of the respondents noted:

"Because of the penalties and fines, I will always pay and file my tax returns. If I don't file and pay my tax returns, the tax authorities may take me to a court or charge me to pay the penalty. And if I am taken to court, my business image will be in the bad news. If the penalties and fines are very high, it will deter those who don't want to comply with their tax obligations." (ZULU)

This comment was similar to the recommendation made by one of the association leaders:

"Tax authorities and the government should reduce the tax rate to enable the SMEs to pay their taxes and honour all their tax obligations. I think the tax rate is too high for us to pay as SME owners." (POWER)

Again, one of the participants noted:

"I get excess benefits if I don't comply. I can pay the penalty and still be better off. Don't worry me about penalties and fines. I am aware of the penalties but will not comply." (SHAKA)

All the above comments and recommendations confirmed the questionnaire survey results in Chapter Five of this study, suggesting that taxpayers will not comply if the benefits of evading taxes exceed the cost of non-compliance (penalties). This argument was supported by the planned behaviour theory and the reason actions theory which seek to suggest that taxpayers are rational beings and will always act according to their behavioural intentions. This assertion, therefore, contradicts the economic theory of crime and the economic deterrence theory of punitive measures and penalties that postulates that taxpayers are rational beings and will always compare the benefits of evading taxes as against the cost of penalties and fines if the benefits exceed the cost of penalties and fines, compliance behaviour will be high *ceteris paribus*. The findings of this study are also consistent with Musimenta, (2020) and McCulloch et al. (2021) studies.

The next chapter discusses the conclusions and recommendations of this study.

CHAPTER SEVEN

CONCLUSION AND RECOMMENDATION

7.1 INTRODUCTION

In this study, the researcher looked at how tax knowledge moderates' perceptions of tax equity, compliance intentions, and compliance behaviour among SMEs in Ghana. The thesis is inspired by a lack of academic research (particularly in Ghana) focussing exclusively on tax equity perceptions; nonetheless, it is widely recognised as a vital driver for guaranteeing voluntary tax compliance behaviour.

A preliminary quantitative analysis was conducted and supplemented with a qualitative analysis (mixed-method approach) to understand better tax equity perceptions, compliance intention and compliance behaviour among Ghana SMEs. However, there are a few issues of concern in this thesis. The findings also highlight the possibility of policy reform and "better" implementation of existing policies.

The final chapter is organised as follows: Section 7.2 summarises each chapter of this thesis; Section 7.3 discusses some policy implications of this research for SMEs' voluntary compliance; Section 7.4 discusses some study limitations; Section 7.5 lists some potential future research topics, and Section 7.6 summarises the thesis with some concluding remarks.

7.2 SUMMARY AND OVERVIEW

This section described the full research study stages, which began with the study's background, a two-fold literature review (Tax Equity Perception and Compliance Behaviour), methodological concerns, outcomes or conclusions, and the study's implications. The following is a chapter-by-chapter summary.

7.2.1 Chapter One – Introduction

The focus of the study (SMEs in Ghana) and the corresponding pieces of compliance issues were introduced in this chapter, which established the foundation for the investigation. SMEs' tax equity perceptions and the inability of the government to collect the needed tax revenue from this sector were demonstrated in the problem statement of this thesis. Furthermore, strong reasons for the

study were offered (e.g., an absence of scholarly studies on tax equity perception, compliance intention, tax knowledge, and other motivators of tax compliance and compliance behaviour). This study benefited from a mixed approach research methodology described in Chapter One. The focus group discussion supplemented the primary data collection (i.e., questionnaire surveys), and the structure of the entire thesis was presented.

7.2.2 Chapter Two – Theoretical Literature Review

The literature on tax equity and compliance behaviour, in general, was evaluated in this chapter. The theoretical framework offered in this chapter serves as the foundation for the research. Theories were developed to explain, predict, and comprehend phenomena and question and extend current knowledge while remaining within the bounds of crucial assumptions. The theoretical framework holds or supports the theory of the research investigation. The theoretical framework also introduced and articulated the theory explaining why the research problem was under investigation. The evolution of taxation, tax reforms, objectives of taxation, and the concept of tax equity and compliance have been based on the theories stated. Finally, the chapter discussed the relevance of SMEs and methods to promote SMEs' compliance behaviour in Ghana.

7.2.3 Chapter Three – Empirical Literature Review

This chapter started the review of the literature on a continental basis (America, Asia and Africa), followed by literature on the three dimensions of tax equity (vertical, horizontal and exchange). In this chapter, we looked at the mediation and interaction of compliance intention and tax knowledge, respectively, on the relationship between tax equity perception and compliance behaviour among SMEs in Ghana. In terms of other motivators of tax compliance, it was recognised that other factors apart from tax equity could influence SMEs' compliance behaviour to a greater extent. These other motivations were grouped as follows by previous tax compliance literature:

- a) Economic motivators.
- b) Institutional motivators.
- c) Individual motivators.
- d) Social motivators.

Literature noted an increasing demand for tax system equity among taxpayers both in developed and developing economies. The literature review in this chapter emphasises the need for tax authorities to ensure fairness and equity in the tax system, develop programmes to increase taxpayers' tax knowledge and reduce tax process complexities to promote voluntary compliance behaviour. Lastly, a conceptual framework was constructed to link the variables of this study. This chapter has been the foundation for the construction of this study's two data collection instruments (i.e., the questionnaire and focus group discussion guide).

7.2.4 Chapter Four – Research Methodology

The adoption of appropriate research approaches was the subject matter of this chapter. Social science has two basic categories of empirical research: quantitative and qualitative. Many researchers have noted that, while quantitative research is extremely beneficial, it is substantially enhanced when combined with other qualitative research approaches (such as case studies, interviews, focus groups discussion, and observation). Triangulation occurs when qualitative and quantitative research methodologies are integrated. A questionnaire survey and a focus group discussion were used in this current investigation, which used a mixed-method approach. The chapter went into detail on how the pilot study was undertaken to construct the questionnaire, how it was conducted, and how the benefits acquired from the pilot study respondents were included in the preliminary study. In this study, the researcher picked three groups for this study: Academics, Tax Experts, both of whom were close to the target groups and SMEs Association Leaders, who are either SME owners themselves or offer tax consultancy services to these SMEs.

Tax Experts are technical professionals with the requisite knowledge of laws and complex tax issues. SMEs are their clients for the provision of consultancy services on tax and related compliance issues. Academics possess a broad theoretical understanding of tax equity perceptions and compliance behaviour, especially among SMEs. They are also well-versed in terms of research and methodologies, and data collection tools. An academic's second opinion ensured that the instrument used was properly worded, of sufficient length, and that targeted respondents could easily answer all of the questions asked. On the other hand, SMEs Association Leaders are either SME owners or have adequate knowledge of general issues that can enhance SMEs' tax compliance perceptions.

The final version of the questionnaire had 49 statements broken down into seven categories: tax equity (vertical, horizontal, and exchange) and compliance behaviour (as informed by research questions, literature, and a pilot study conducted). Four other motivators were also included in the survey, all impacting compliance behaviour. The administration procedures for the questionnaire were also detailed in this chapter.

Focus group interviews were used in the second phase of the data collection process. 7 respondents from each of the 9 focus groups were made up of SMEs from 9 districts in Ghana. It had previously been agreed that this study's second data collection technique would be an analysis of the equity perceptions of SMEs and their compliance issues through focus group interviews. The statistical tools used to analyse the data were explained in this chapter. The data in this study were analysed using both descriptive and inferential statistics. Frequencies, percentages, means and standard deviations were used to present the descriptive findings. The smart-PLS structural equation model was used to determine the significance of the responses.

7.2.5 Chapter Five – Analysis and Discussion of Questionnaire Survey

The results of the questionnaire survey were discussed in this chapter. The respondents' answers were presented with descriptive statistics in frequency, mean, and standard deviation using the statistical software Statistical Package for Social Science (SPSS). The results reported in this chapter can lead to several conclusions. Firstly, the number of females outnumbered that of males; however, the percentage of male respondents in the study was representative of the entire study population. It could also mean there is a more female population in the SME sector than males. The quantitative findings were consistent with the focus group discussion in Chapter Six. The age distribution hints that most of the respondents fall within the working force, therefore, have a major contribution to make in terms of tax compliance in the country. The age distribution also indicates that the youthful population are venturing into SME operations as a result of the rising level of unemployment in the country, making it impossible for the youth to get jobs after successful graduation from Tertiary institutions. This result was consistent with the respondents' level of education, where the majority of 121(30.9%) respondents are tertiary education graduates. On the number of years, respondents have been in business, the results revealed that most respondents have been in business for at least 1 to 7 years. This group of respondents should have extensive knowledge regarding the area of businesses and should have gained enough experience in dealing

with tax issues hence, their views will improve the reliability of the study. Concerning the respondent's nature of business, the results show a seemingly even distribution across various trade categories. Also, the majority of SMEs for this study were registered with the Ghana Revenue Authority (GRA). The income distribution hints that most SMEs fall within the income brackets 5001-40,000 Ghana cedis, therefore, have a major contribution to make in terms of tax compliance in the country. Finally, on the demographic characteristics of respondents, they were asked to indicate if their business is registered with a tax identification number (TIN); this result again was consistent with SMEs who registered their business with Ghana Revenue Authority (GRA).

Secondly, the descriptive statistics on tax equity (vertical, horizontal and exchange) revealed that most respondents disagreed with all the statements measuring tax equity by indicating that there is no equity in any form in the tax system of Ghana. With compliance intention, the frequency, mean and standard deviation results indicated that SMEs in Ghana have no intention to comply since they perceive the tax system as unfair and inequitable. However, they strongly agreed with most statements that tax knowledge can enhance their tax equity perceptions and compliance behaviour. Thirdly, respondents were asked to identify other factors or reasons that may affect their compliance behaviour. These other factors were grouped into economic, institutional, individual and social based on the respondent's responses. In each category, respondents agreed that these motivators influence their voluntary compliance behaviour, as revealed by Chapter Five's frequency, percentages, mean and standard deviation results.

Inferential data analysis was also discussed in this chapter. The smart-PLS structural equation model was used to investigate the significance of agreement or disagreement with 43 statements in the questionnaire. The test results show that most of the statements were significantly agreed upon by most SMEs. Firstly, there is no vertical, or horizontal exchange equity perception among SMEs in Ghana. In other words, the tax system in Ghana is unfair and inequitable. Secondly, tax knowledge is vital in promoting voluntary tax compliance, especially among SMEs in Ghana. Training and education programmes can help achieve this. Thirdly, compliance intention is enhanced by an equitable tax system and good taxpayer knowledge. When taxpayers have good knowledge about the tax laws, fairness, penalties and fines, their compliance intention may change. Lastly, other motivators such as economic, institutional, individual and social were viewed to positively affect compliance behaviour among Ghana SMEs to a large extent.

This chapter developed 6 research questions and explained the statistical tools used to analyse the data and answer the questions. The research question's major objective was to see if there were any significant impact of the independent variables on the study's dependent variable. The smart-PLS structural equation model was employed to test all the assumptions. Finally, the study's focus group interview responses were analysed using "Grounded Theory," also covered in this chapter.

7.2.6 Chapter Six – Analysis and Discussion of Focus Group Interview Survey Findings

This chapter presented the findings of the focus group interview survey that was carried out with 9 focus groups consisting of all SMEs from 9 selected districts in 3 regions of Ghana. The main purpose of the focus groups interviews/discussion was to supplement the results of the closed-ended questionnaire survey and, therefore, this method was used to acquire a deeper understanding of the research topic (i.e., Tax Equity Perception, Compliance Intention and Compliance Behaviour among SMEs in Ghana and other factors or reasons why SMEs may not comply with their tax obligations). Most focus interview results were similar to the questionnaire survey results. They also provide more insight into the tax system equity and compliance behaviour among SMEs in Ghana. Respondents agreed that tax equity perception plays a role in promoting voluntary tax compliance behaviour among SMEs in Ghana. Some claimed that if they are provided with training and education programmes, their knowledge about the tax system and laws will be improved. Also, most respondents remarked that the government and tax authorities should put in place measures to reduce the tax rate, reduce complexities in the tax system, spend taxpayer's money judiciously, increase penalties and fines and build partnerships and cooperation with the community and opinion leaders. One of the interviewees indicated that enforcement measures alone could not guarantee total voluntary compliance and, therefore, the need for cooperation and partnership with taxpayers and the community.

Some conclusions can be made from the focus group discussion/interview findings reported in the following sub-headings of this chapter as summarised.

Vertical Equity Perceptions:

- (i) Respondents vehemently disagreed that vertical equity is fair, though it affects voluntary compliance behaviour among SMEs in Ghana; however

- (ii) SMEs in Ghana overwhelmingly agreed that vertical equity does not play a crucial role in tax compliance issues.

Horizontal Tax Equity Perception:

- (i) Respondents on consensus agreed that the tax system is unfair to taxpayers who are in the same or similar business circumstances and make the same or similar incomes.
- (ii) Respondents agreed that horizontal equity insignificantly affects their compliance intention and compliance behaviour. It was revealed that horizontal equity plays a role in ensuring an effective tax system and administration, and finally
- (iii) Respondents overwhelmingly agreed that they pay more taxes than their colleague counterparts who make about the same or similar incomes. According to them, this has transformed their intention not to comply with the letter of the law.

Exchange Tax Equity Perception:

- (i) SMEs in Ghana strongly agreed that the benefits that they receive from the government are woefully inadequate compared to the taxes that they pay, though they admitted that it is their legal obligation to pay and file their tax returns; however
- (ii) Respondents disagreed that exchange tax equity is fair among taxpayers but also insignificantly promotes voluntary tax compliance in Ghana.

Taxpayer's Tax Knowledge:

- (i) The focus group discussion/interview survey results confirmed the questionnaire survey findings that tax knowledge enhances the relationship between tax equity perception and compliance behaviour among SMEs in Ghana.

Compliance Intention:

- (i) Respondents in the focus group discussion confirmed that their compliance intention to comply or not to comply is informed by the simplicity and equitability of the tax system.

SMEs, however, indicated that they would not report and file tax returns on any additional sources of income to tax authorities for tax purposes.

Other Motivators of Tax Compliance:

- (i) Respondents agreed that Economic factors such as high tax rates, fines and penalties, compliance cost, and probability of detection significantly influence their compliance behaviour.
- (ii) Institutional motivators such as simplified tax systems, easy reporting and tax filing processes, and fewer administrative bureaucracies were identified as critical factors in promoting an efficient and effective tax system for voluntary tax compliance behaviour.
- (iii) Individual motivators, financial circumstances, attitudes, fear of being detected, and business image were the factors identified by respondents to impact their compliance behaviour greatly.
- (iv) Finally, social motivators such as fairness of the tax system, partnership with the community, media, opinion leaders and changes in current government tax policies were the dominant social factors that significantly affect the equitability of the tax system and voluntary compliance.

On the measures to promote tax compliance among SMEs, most respondents vehemently agreed that penalties and fines alone could not guarantee full compliance and, therefore, the need for the cooperative approach to complement the punitive approach to enhance voluntary compliance behaviour. Therefore, this study recommends that the government and tax authorities should partner with taxpayers, the community, the media and opinion leaders for an effective tax administration. Tax authorities and officials must stop harassing taxpayers and treat them with dignity and respect; they should see taxpayers as social contributors to national development, not criminals.

7.3 POLICY IMPLICATIONS

Some broad recommendations are provided in this thesis that may help to improve the work of Tax Authorities and the government to strengthen their function in achieving voluntary tax

compliance among SMEs in Ghana. The study reveals that tax equity perception (vertical, horizontal and exchange) plays a vital role in SMEs' compliance. SMEs' compliance intention and behaviour will improve when the tax system is fair and equitable. Improved tax compliance will lead to **increased tax revenue mobilisation** for the government to undertake massive infrastructural development to propel economic growth and development. Increased tax revenue will reduce the country's debt levels from external borrowing. Also, SMEs in Ghana perceived the tax system as **unfair** and **regressive**. It turns to favour the rich more than the poor and smaller businesses. Again, following Adam Smith's principles of a good tax system, equity is one of the core principles. Adam Smith states, "For a tax system to be equitable and fair, the taxpayer must have the ability and willingness to pay. If you earn high, you are expected to pay higher taxes; if you earn low, you are also expected to pay lower tax rate."

The implication of this directly translates to the aim of any Tax Authority to consider the tax rate when charging taxes on its citizens. The government and tax agencies must make conscious efforts to determine every taxpayer's tax base to enable them to charge the appropriate tax rate. The government revenue generation drive will be defeated if taxpayers are levied at tax rates they cannot pay. This study recommends that the **ability to pay** must be a guiding principle for all governments and tax administrators in designing and developing detailed tax policies. Also, taxpayers must be aware of the legislative duties of tax administrators and the government. The tax system should be transparent so that the poor and the rich know how much they contribute to promoting a trustworthy tax system.

Furthermore, suppose tax authorities understand the factors that affect SMEs' compliance intention, they will be better positioned to develop specific policies and strategies to address their deficiencies for **voluntary compliance**.

Additionally, tax knowledge was revealed to significantly enhance the relationship between tax equity perception and compliance behaviour among SMEs in Ghana. These results confirmed that voluntary compliance among SMEs would be positively affected when taxpayers have good knowledge of the tax system, tax laws, reporting processes, tax payment, and tax return filing procedures. This study recommends that the government and tax authorities provide **training** and

education campaign programmes to improve taxpayers' knowledge of effective tax administration and voluntary tax compliance policy direction.

Moreover, economic, institutional and social motivators were identified as other factors influencing compliance behaviour among Ghana SMEs apart from tax equity and tax knowledge. The results again confirm that the government and tax authorities must take into consideration penalties and fines, tax rates, cost of compliance, fairness, less complicated and simplified tax administrative systems, transparent tax administration and also build a partnership with taxpayers, community, media and opinion leaders when developing a robust and effective tax policies framework towards voluntary tax compliance system.

Finally, to the contribution to the empirical literature, the results seem to have significant policy implications from the viewpoint of the relevance of tax equity and tax knowledge in enhancing compliance behaviour among SMEs in Ghana. For **policy framework**, the study will provide feedback to the government on policies or measures to be undertaken to promote tax equity and voluntary tax compliance among the SMEs, to provide decision-making support for the government to formulate policies on tax inclusion of SMEs in Ghana and to also enable the government to identify another dimension that taxpayers use to evade taxes.

7.4 LIMITATIONS OF THE STUDY

It is vital to realise that the questionnaire survey method has some inherent limitations. According to Abowitz and Toole (2010), all surveys have inherent flaws. When developing and interpreting the study's results or clarifying their meaning, it is critical for both the researcher and the research users to be aware of the relevant constraints (Hancock & Algozzine, 2017).

Respondents may, for example, make answers that they believe are expected of them or portray themselves and the offices they work in the best light. Furthermore, although the questionnaire underwent rigorous pilot testing, the questionnaire probably lacked clarity, causing respondents to interpret some items differently. The small sample size of the focus groups interview/discussion is another study's weakness. It may be claimed that more focus groups discussion/interviews would have yielded a more in-depth understanding of the problem. However, as discussed in Chapter Four, the focus group discussion/interview guide was only one of the two data collection methods

used in the study. The focus group discussion's main aim was to supplement the questionnaire survey methods by gaining more insight so that the questionnaire survey's findings could be more reliable, consistent, robust, and generalisable.

7.5 POTENTIAL FOR FUTURE RESEARCH

Tax equity perception, compliance intention and compliance behaviour among SMEs in Ghana are among the first scholarly academic studies to be conducted in Ghana. Arguably, many of the areas covered in this study warrant more specific and in-depth investigation. Further research could investigate tax equity perception and compliance behaviour by introducing more moderating variables such as infrastructure level and tax incentives in the regression model. This topic can be looked at from the perspective of large-size businesses. Again, a comparative analysis of SMEs' compliance and large/corporate business compliance levels could also be conducted in Ghana. The study can also be extended to the Southern parts of Ghana and, if possible, to some African countries. Furthermore, the theory and tax administrative practices or interventions could be revisited to reconcile any inconsistencies in applying tax laws and regulations as originally intended.

7.6 CONCLUSION

This study accomplished its main objectives and answered all the research questions. More precisely, the study looked at tax equity perception, compliance intention and compliance behaviour among SMEs in Ghana. The mediation and moderation role of compliance intention and tax knowledge, respectively and the relationship between tax equity perception and compliance behaviour were also examined in this study. The study again looked at motivators besides tax equity and tax knowledge that could influence SMEs' compliance behaviour in Ghana. This study's primary data collection instrument was a questionnaire survey supplemented with focus group interviews. It has also highlighted the critical aspects that influence the effectiveness of a tax system, and strategies to increase voluntary tax compliance behaviour among SMEs in Ghana. Essentially, this study took a comprehensive scenario base approach to describe SMEs' compliance intention and presented a structural model for policy implications and implementation of the findings. This research will add to the body of knowledge on tax equity perception and compliance behaviour from the perspective of SMEs in a developing economy. Future scholars

will hopefully be able to follow up on the issues raised in this work and expand on the pathways it has opened up.

Finally, the researcher acknowledges that the performance of SMEs and Tax Authorities in Ghana indicates the country's growth and development. Tax Authorities are the closest institutions to taxpayers and reflect the levels of SME engagement - both as recipients and contributors. Furthermore, the result of the study also shows an r-square of 99 per cent, and the blindfolding result (CCC and CCR) demonstrate that the findings in the study have predictive relevance. Stakeholders interested in voluntary tax compliance should pay more attention to tax equity perceptions, tax knowledge, and institutional, economic and social factors among SMEs in Ghana.

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APPENDIX A1: LANGUAGE EDITING CERTIFICATE

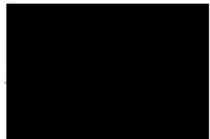
C Woudberg

Language Practitioner

cwoudberg@gmail.com | +27 74 338 7289

To whom this may concern:

I hereby confirm that I have completed the language and technical editing of the research proposal titled **Tax equity perceptions, compliance intention, and compliance behaviour among SMEs in Ghana** by Mr SIMON AKUMBO EUGENE MBILLA. My involvement was restricted to language usage, spelling, completeness and consistency. I did no structural re-writing of the content and did not influence the academic content in any way.



Kind regards, Christelle

Woudberg

ND Language Practice

Member of the South African Translators 'Institute

Appendix 2: Letter confirming your proposal



College : Law & Management Studies
School : Accounting, Economics & Finance
Committee : Higher Degrees and Research
Date of the letter : 20 August 2021
Student Name : Simon AE Mbilla
Student No. : 221117540
Registered Qualification : PhD in Accounting
Title of the study : Tax equity perceptions, compliance intention and compliance behaviour among SMEs in Ghana

Dear Mr Mbilla,

This letter confirms that your proposal, as presented on the 4 June 2021, and subsequently revised, has been approved after noting that you have implemented the revisions required by the HDRC to the satisfaction of your supervisor.

Consequently, you may now proceed with your research.

Please note the following information in order to progress smoothly towards your qualification:

- 1) You are registered on a full-time basis, and your first registration was in semester 1 of 2021 and you have been registered for 2 semesters. You have only 6 semester/s (excluding semester 2, 2021) remaining to complete your studies.
- 2) You can apply for ethical clearance immediately online after receiving this letter by following instructions at <https://ics.ukzn.ac.za/rig-online-help-1/> and follow up with the help desk at RIGEthicsHelp@ukzn.ac.za should you have any queries.
- 3) You must submit an "intention to submit form" 3 months before your intended date of submission.
- 4) You must submit your thesis for examination electronically on the date indicated on the "intention to submit form". Failing to submit your dissertation for examination within the remaining semesters will result in your academic exclusion from the University (See rule DR7).

School of Accounting, Economics and Finance
Postal Address: Private Bag X01, Scottsville.3209

Telephone: +27 (0) 3 260-6486 Facsimile: 0865613412 E-mail: singhju@ukzn.ac.za

Founding Campuses  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville



Please note that all submissions will be done electronically henceforth. As you get closer to the time of submission, you will need to contact the postgraduate office for the **email address** where your thesis and other documentation will need to be submitted.

A copy of this letter will be kept in your student file.

Yours sincerely



Dr AC Mahomed
(On Behalf of the Committee Chair)

CC: Professor Josue Mbonigaba
CC: Mrs. Seshni Naidoo
CC: Ms. Jerusha Singh
CC: Professor Mabutho Sibanda
CC: Dr Sphiwe Mqadi

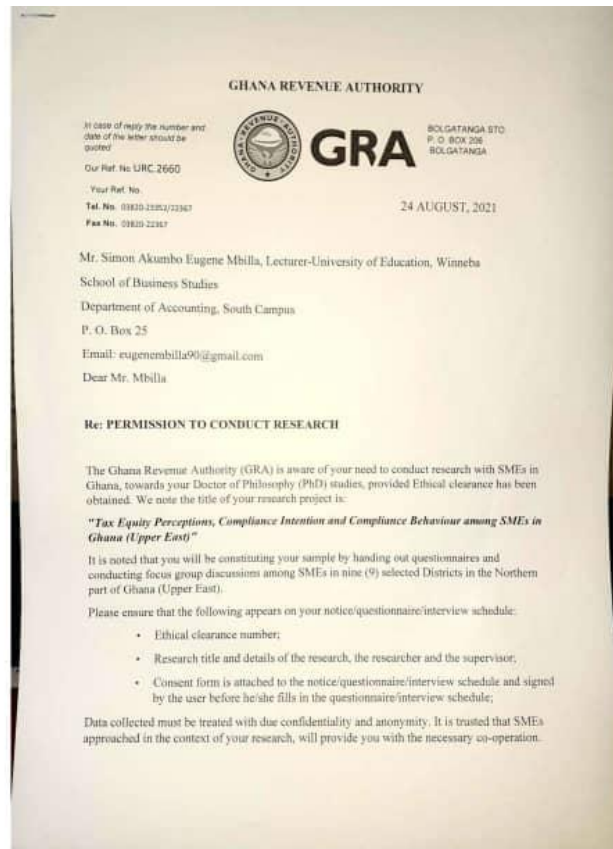
ORIGINAL

School of Accounting, Economics and Finance
Postal Address: Private Bag X01, Scottsville.3209

Telephone: +27 (0) 3 260-6486 Facsimile: 0865613412 E-mail: singhu@ukzn.ac.za

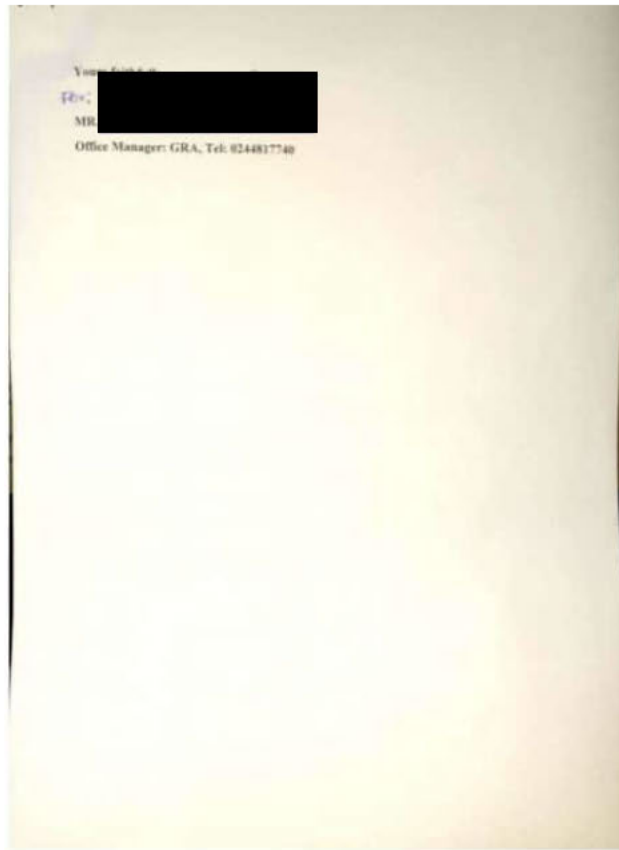
Founding Campuses  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

APPENDIX 3: PERMISSION AND GATEKEEPERS APPROVAL



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APPENDIX 4: COVER LETTER FROM THE SUPERVISOR FOR QUESTIONNAIRE SURVEY



**UNIVERSITY OF
KWAZULU-NATAL™**
**INYUVESI
YAKWAZULU-NATALI**

SCHOOL OF ACCOUNTING, ECONOMICS, AND FINANCE

Ph.D. Research Project

Researcher: MR Simon Akumbo Eugene Mbilla (024) 5484852

Supervisor(s): PROF. Mabutho Sibanda (031) 260 2160; and

DR. Siphwe Mqadi (031) 260 7551

RESEARCH INFORMED CONSENT

What is the purpose of the study?

The study seeks to investigate Tax Equity Perceptions, Compliance Intention, and Compliance Behaviour among SMEs in Ghana. Your valuable participation involves having to answer questions on 5-point Linkert scale bases.

Who is asked to participate?

Data is sorted out from all SMEs in nine (9) districts from the three northern regions of Ghana (Northern, Upper East, and Upper West Region).

What are the potential benefits of the study?

The findings of this study will provide valuable insights into Tax Equity Perception, Compliance Intention, and Compliance Behaviour among SMEs in Ghana and also seek to emphasize the necessity for reform in this area. Furthermore, it will also reveal insight into Tax policy formulation for effective tax administration.

What are the rights of research participants?

Participation in this study is voluntary and anonymous. Information gathered during the research will be used solely for the purpose of this study and all efforts will be made to ensure the

confidentiality of participants' personal information. All identifiable data will be stored securely on a computer with password-restricted access and only the researcher (and supervisor(s) if applicable) will have access to it. Research data will be stored for a minimum of 5 years in the School of Accounting, Economics, and Finance.

I have read this consent form. I give my consent to participate in this study.

.....

Signature of Participant

.....

Date

**APPENDIX 6: COVER LETTER FROM THE SUPERVISOR FOR
INTERVIEWS/FOCUS GROUPS DISCUSSION**

**APPENDIX 5: COVER LETTER FROM THE SUPERVISOR FOR
INTERVIEWS/FOCUS GROUPS DISCUSSION**



**UNIVERSITY OF
KWAZULU-NATALTM**
**INYUVESI
YAKWAZULU-NATALI**

SCHOOL OF ACCOUNTING, ECONOMICS, AND FINANCE

Ph.D. Research Project

Researcher: MR Simon Akumbo Eugene Mbilla (024) 5484852

Supervisor(s): PROF. Mabutho Sibanda (031) 260 2160; and
DR. Siphwe Mqadi (031) 260 7551

RESEARCH INFORMED CONSENT

Interview Consent Form

This consent form outlines my rights as a participant in the study of *“Tax equity perceptions, compliance intention and compliance behavior among SMEs in Ghana”* conducted by **Simon Akumbo Eugene Mbilla**, from the University of KwaZulu-Natal.

I understand that:

- Taking part in this study is entirely voluntary;
- The purpose and nature of the interview have been clearly explained to me;
- It is my right to decline to answer any question that I am asked;
- I am free to end the interview at any time;
- Do you consent to have this interview recorded? Yes [] No [] and
- My name will not appear on any tapes or transcripts resulting from the interview.

I HAVE READ THIS CONSENT FORM. I HAVE HAD A CHANCE TO ASK QUESTIONS CONCERNING ANY AREAS THAT I DID NOT UNDERSTAND.

Signature of Interviewee

Date

Printed Name of Interviewee

Maintaining your anonymity is a priority and every practical precaution will be taken to disguise your identity. There will not be any identifying information on audiotapes or transcripts of this interview. I will not allow anyone other than the research supervisor(s) to hear any audiotape of your voice or review a transcript of this interview. All materials generated from your interview will remain in my direct physical possession and will be dealt with in full confidentiality.

I have explained the project and the implications of being interviewed to the interviewee and I believe that the consent is informed and that he/she understands the implications of participation.

(Researcher's signature)

APPENDIX 6 COVER LETTER FROM THE RESEARCHER FOR QUESTIONNAIRE SURVEY AND FOCUS GROUPS DISCUSSION

Date: 29/10/2021

Dear Potential Respondent,

My name is **Simon Akumbo Eugene Mbilla**, a lecturer from the University of Education Winneba, department of Accounting and a Ph. D student in accounting at the University of Kwazulu Natal. As part of the requirement for the award of Ph.D. in Accounting, I am undertaking a research on *“Tax equity perceptions, compliance intention and compliance behavior among entrepreneurs in Ghana”*. In this regard, you are being invited to consider participating in a study that involves research on your understanding of Tax Equity Perceptions. This research will involve 585 participants (SMEs) across three regions (Northern, Upper East and Upper West) and nine (9) districts (Tamale, Sagnerigu, West Mamprusi, Bolgatanga Municipal, Bawku Municipal, Kasena-Nankana West, Wa Central, Jirapa and Nandowli-Kaleo). I am kindly requesting for your support in terms of time, and by responding to the attached questionnaire. Your views are very much important to the study. Every information you provide will remain highly confidential. All information we collect is important to us and will be looked at as anonymous. This study does not expose you to serious risks except your time and participants does not benefit directly from taken part in this research but the output of this research could be used to influence tax policy directions that can enlien to your benefits. This Study has not received any funding support from any individual, institution or organization.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number: HSSREC/00003386/2021).

In the event of any problems or concerns/questions you may contact the researcher via the following email: eugenembilla90@gmail.com/221117540@stu.ukzn.ac.za or you can contact the researcher on: (+233) 245484852 (provide contact details) or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

- Participation in this research is voluntary and participants have the option to agree or decline to participate in this research.
- Even if you agree to participate now, you can withdraw at any time or refuse to answer any question without any consequences of any kind.
- The purpose and nature of the study will be explained to you in details and you will be giving the opportunity to ask any questions about the study.
- This study involves providing information about your perception about tax equity and compliance as an SME owner in Ghana.
- Participants will not benefit directly from participating in this research.
- All information you provide for this study will be treated confidential.
- In any report on the results of this research your personal identity will remain anonymous. This will be done by changing your name and disguising any details of yourself which may reveal your identity or the identity of people I speak about.
- If you inform the researcher that yourself or someone else is at risk of harm, they may have to report this to the relevant authorities - they will discuss this with you first but may be required to report with or without your permission.
- Under freedom of information and data privacy, you are entitled to access the information you have provided at any time while it is in storage as specified above.
- You are also free to contact any of the people involved in the research to seek further clarification and information.

CONSENT

I have been informed about the study entitled *“Tax equity perceptions, compliance intention and compliance behavior among entrepreneurs in Ghana”* by **Simon Akumbo Eugene Mbilla**.

I understand the purpose and procedures of the study.

I have been given an opportunity to ask questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

I have been informed that there is no available compensation or direct benefits for my participation in this research study.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher via the following email: eugenembilla90@gmail.com 221117540@stu.ukzn.ac.za or you can contact the researcher on: (+233) 245484852.

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557 - Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

Additional consent

I hereby provide consent to:

Audio-record my interview / focus group discussion	YES / NO
--	----------

_____	_____
Signature of Participant	Date

_____	_____
Signature of Translator	Date

APPENDIX 7: QUESTIONNAIRE SURVEY

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF ACCOUNTING, ECONOMICS AND FINANCE
COLLEGE OF LAW AND MANAGEMENT
APPENDIX A: PROPOSED QUESTIONNAIRE

I am a Ph.D. student in accounting at the University of KwaZulu -Natal. As part of the requirement for the award of Ph.D. in Accounting, I am undertaking a research on *“Tax equity perceptions, compliance intention and compliance behaviour among SMEs in Ghana”*. In this regard, I am kindly requesting for your support in terms of time, and by responding to the attached questionnaire. Your views are very much important to the study. Every information you provide will remain highly confidential. All information we collect is important to us and will be looked at as anonymous. Please take a few minutes to fill out this questionnaire by ticking (x) where appropriate. For any questions, kindly contact me via the following email: eugenembilla90@gmail.com, or 221117540@stu.ukzn.ac.za or you can contact the researcher on: +233245484852.

SECTION A

Background information

1. Gender: a) Male ☐ b) Female ☐
2. What is your age? a) 18-25years ☐ b) 26-35 years ☐ c) 36-45 years ☐ d) 45 yrs. and above ☐
3. Educational Level: a) Informal ☐ b) Basic education ☐ c) Secondary ☐ d) Tertiary ☐
4. Years in business: a) below 4 yrs. ☐ b) 4-5 yrs. ☐ c) 6-7 yrs. ☐ d) over 7 yrs. ☐
5. Nature of business: a) Agric related ☐ b) Commerce ☐ c) Service ☐
6. Is your business registered with Assembly or GRA for tax purposes? Yes ☐ No. ☐
7. What is your average daily income?.....
8. Do you have a Tax Identification Number (TIN)? Yes ☐ No ☐
9. How often do you pay your taxes to GRA or the Assembly? a) very often ☐ b) Often ☐ c) Once a while ☐ d) I do not pay any tax ☐

SECTION B: TAX EQUITY PERCEPTION

10. Using a 5-point Likert Scale, appropriately indicate your level of agreement to each of the following indicators on your perception about tax equity: Vertical equity, Horizontal equity and Exchange equity. Where **1-lowest agreement, 2-low agreement, 3-agreement, 4-High agreement and 5-Highest agreement.**

CODE	TAX EQUITY PERCEPTION	1	2	3	4	5
VE	Vertical equity Source: Adapted and modified (Efebera et al., 2015, Farrar et al., 2020, Magaretha et al., 2020, Tax Compliance Project Report, 2020, UCC)	1	2	3	4	5
VE1	I think that the amount of government income taxes that I pay when compared to people who make more money than you are fair?	1	2	3	4	5
VE2	I think that the amount of government income taxes that you pay when compared to people who make more money than you are unfair?	1	2	3	4	5
VE3	People like me pay a larger share of our incomes as taxes than do rich taxpayers.	1	2	3	4	5
VE4	People like me pay a lower share of our incomes as taxes than do rich taxpayers.	1	2	3	4	5
VE5	Rich taxpayers pay a lower share of their incomes as taxes than do poor taxpayers like me.	1	2	3	4	5
VE6	Rich taxpayers pay a larger share of their incomes as taxes than do taxpayers like me.	1	2	3	4	5
HE	Horizontal equity Source: Adapted and modified from (Efebera et al., 2015, Farrar et al., 2020, Magaretha et al., 2020, Tax Compliance Project Report, 2020, UCC)					
HE1	I pay about the same amount of income taxes as other people who make about the same income as I do.	1	2	3	4	5
HE2	Most people who earn about the same income as I do pay more taxes than I do.	1	2	3	4	5
HE3	Most people who earn about the same income as I do pay less taxes than I do.	1	2	3	4	5

HE4	I pay more taxes compared to most people who make about the same income as I do.	1	2	3	4	5
HE5	I pay less taxes compared to most people who make about the same income as I do.	1	2	3	4	5
EE	<i>Exchange equity Source: Adapted and modified from</i> (Efebera et al., 2015, Farrar et al., 2020, Magaretha et al., 2020, Tax Compliance Project Report, 2020, UCC)					
EE1	How fair is the amount of income taxes that you pay when compared to the amount of services you get back from the government?	1	2	3	4	5
EE2	How unfair is the amount of income taxes that you pay when compared to the amount of services you get back from the federal government?	1	2	3	4	5
EE3	I pay more as income taxes than I receive in services from the government.	1	2	3	4	5
EE4	I pay less as income taxes than I receive in services from the federal government.	1	2	3	4	5
EE5	I am satisfied with the amount of benefits I receive from the government compared to the amount of taxes I pay.	1	2	3	4	5
EE6	I am not satisfied with the amount of benefits I receive from the government compared to the amount of taxes I pay.	1	2	3	4	5

SECTION C: TAX COMPLIANCE INTENTION

11. This section measures your intention to comply or not to comply with tax obligation. Kindly provide your responses by ticking (x) any of the following Statement.

Please use the scenario below to answer the questions using 1-lowest agreement, 2-low agreement, 3-agreement, 4-High agreement and 5-Highest agreement.

Mr Mbilla owns a small business and pays income tax on his business earnings. Mr Mbilla is also a part time cleaner in a Public University where he earns an annual part-time allowance of GHS10,000. Assuming you were Mr Mbilla.

TCI	TAX COMPLIANCE INTENTION: Adapted from (Efebera <i>et al.</i> , 2015)	1	2	3	4	5
TCI1	If I were in Mr Mbilla's situation I will report and file returns on all the GHS10,000 additional income.	1	2	3	4	5
TCI2	If I were in Mr Mbilla's situation I will not report and file returns all the GHS10,000 additional income but a part if of it.	1	2	3	4	5
TCI3	If I were in Mr Mbilla's situation I will not report and file returns on the GHS10,000 additional income as part of my income.	1	2	3	4	5
TC4	If I were Mr Mbilla, it is Likely that I would report and file returns on the additional GHS10,000 income from the part-time business.	1	2	3	4	5
TC5	If I were Mr Mbilla, it is Unlikely that I would report and file returns on the additional GHS10,000 income from the part-time business.	1	2	3	4	5

SECTION D: TAXPAYERS TAX KNOWLEDGE

12. To what extent does the following statement about your knowledge of tax influence tax compliance. Where **1-lowest agreement, 2-low agreement, 3-agreement, 4-High agreement and 5-Highest agreement.**

Please indicate your level of agreement with the following Statement about your knowledge of tax. adapted from (Magaretha <i>et al.</i> , 2020 and Tax compliance project report, 2020, UCC)						
TPK1	I think it is important to know the physical location of tax office to honor my tax obligation	1	2	3	4	5
TPK2	I am aware there are regulation and laws about taxes	1	2	3	4	5
TPK3	I am aware that GRA collects taxes on behalf of the Government					
TPK4	As a taxpayer I know the amount of tax to pay on my income	1	2	3	4	5
TPK5	I am aware that payment of taxes can be made at any GRA branches in Ghana	1	2	3	4	5
TPK6	I know that in Ghana every firm needs to register to get a Tax Identification Number (TIN)	1	2	3	4	5

TPK7	I think that filing of tax returns does not require any education or training	1	2	3	4	5
TPK8	I have enough knowledge on tax filing, reporting and payment.	1	2	3	4	5
TPK9	I know that firms have to inform and declare actual income received from all sources to the GRA.	1	2	3	4	5
TPK10	I know that it is my obligation as a taxpayer to file tax returns	1	2	3	4	5
TPK11	I am aware that it is a criminal offence for not complying with the general provisions and Tax Procedure	1	2	3	4	5
TPK12	I know that when GRA detects an error in filing returns of my firm, it attracts a tax penalty.	1	2	3	4	5
TPK13	I know that Failure to file return on time attracts a penalty and a daily fine	1	2	3	4	5

TAX COMPLIANCE BEHAVIOUR

13. indicate which of the following factors would promote tax compliance behaviour

Where **1-lowest agreement, 2-low agreement, 3-agreement, 4-High agreement and 5-Highest agreement.**

TCB	TAX COMPLIANCE BEHAVIOUR Adapted from (Magaretha et al., 2020 and from Efebera et al., 2015)	1	2	3	4	5
TPC	<i>Tax payment compliance</i>					
TPC1	I think that complying with tax payment regulations is a very good practice	1	2	3	4	5
TPC2	I pay my taxes because I know I would get tax benefits from the government	1	2	3	4	5
TPC3	There has not been anytime when I was unable to pay all my taxes	1	2	3	4	5
TPC4	There has been sometime when I was unable to pay all my taxes.	1	2	3	4	5
TPC5	Society values and respect people who honour their tax obligations	1	2	3	4	5
SFR	<i>Submission and filling of tax returns</i>	1	2	3	4	5
SFR6	There has not been anytime when I was unable to file all my taxes	1	2	3	4	5

SFR7	There has been sometime when I was unable to file all my taxes.	1	2	3	4	5
SFR8	The tax return is too complex and difficult to complete.	1	2	3	4	5
SFR9	As a member of a group, we file our tax returns to protect our image	1	2	3	4	5
SFR10	It is wrong to wait for tax authorities to chase me before filling a tax return	1	2	3	4	5
SFR11	Filing and submission of tax returns are necessary.	1	2	3	4	5
RDI	<i>Reporting and declaration of income</i>	1	2	3	4	5
RDI2	It is wrong for not declaring all my income for tax payment	1	2	3	4	5
RDI3	Reporting and declaring my income are required by law	1	2	3	4	5
RDI4	I fear the punishment of understating my income	1	2	3	4	5
RDI5	I report all taxable income to enable claim tax deductions	1	2	3	4	5
RDI6	There has not been anytime when I was unable to declare or to report all my income for tax payment.	1	2	3	4	5
RDI7	There has been sometimes when I was unable to declare or to report all my income for tax payment.	1	2	3	4	5

SECTION E: MOTIVATORS OF TAX COMPLIANCE

14. To what extent do you **AGREE** with the following statements on motivators of tax compliance

1-Strongly disagree; 2- Disagree; 3-Least Agree; 4- Agree; 5-Strogly Agree

MTC	Motivators of Tax Compliance	1	2	3	4	5
EM	ECONOMIC MOTIVATORS					
EMI	I comply with my tax obligations because the tax rates are “ok” for me to pay	1	2	3	4	5
EM2	I complete and file my tax return regularly because tax auditors visit me to check my tax returns	1	2	3	4	5
EM3	I comply with my tax obligations because government spend the tax revenue judiciously	1	2	3	4	5
EM4	I file my tax returns because I receive benefits from government	1	2	3	4	5

EM5	Tax rate is transparent so I always file my tax returns to tax authorities	1	2	3	4	5
ISM	INSTITUTIONAL MOTIVATORS:					
ISM1	I file and pay my tax return because tax authorities make it voluntary for me to file	1	2	3	4	5
ISM2	My tax returns are always filed because it is simple for me to file the tax returns	1	2	3	4	5
ISM3	The administrative system is simple for me file my tax returns at the tax office	1	2	3	4	5
ISM4	I file my tax return because is it easy for tax authorities to detect defaulters	1	2	3	4	5
ISM5	I file my tax returns because there is no complication and hidden information in the process of filling my tax return	1	2	3	4	5
IDM	INDIVIDUAL MOTIVATORS					
IDM 1	I file and pay my tax because I run my finances well so that I can pay	1	2	3	4	5
IDM 2	I am aware of the offences so I always comply with my tax obligation	1	2	3	4	5
IDM 3	Defaulting tax obligation has severe penalties so I always comply with my tax obligation	1	2	3	4	5
IDM 4	I do not want my business to suffer from legal battles so I always file my tax return	1	2	3	4	5
IDM 5	As a business owner I feel that filing my tax return will help my business image	1	2	3	4	5
SM	SOCIAL MOTIVATORS					
SM1	I file my tax returns because it is ethical to file my tax returns regularly	1	2	3	4	5
SM2	I file my tax return because it is equitable and fair to contribute my quota to national development	1	2	3	4	5
SM3	Changes on current government policy allows me to file my tax returns easily	1	2	3	4	5
SM4	It is my attitude as a business person to file my tax returns	1	2	3	4	5
SM5	As part of a business group it is my obligation to always file my tax return	1	2	3	4	5

APPENDIX 8: INTERVIEW GUIDE FOR FOCUS GROUP DISCUSSING

This interview guide is designed to gather information for a research project in partial fulfilment of the requirement for Doctor of Philosophy (PhD) Accounting degree from the University of KwaZulu-Natal, South Africa. Your participation is necessary and your responses will be treated confidential and for academic purpose only. This section is divided into six (6) themes to solicit information from nine (9) focus groups as outline below:

THEME ONE (1)

To investigate how vertical equity perception affects tax compliance behaviour among SMEs in Ghana.

1. What will be your response towards tax payment, returns filing and reporting of income if the amount of government income taxes that you pay is more than people who make more money than you?
2. What will be your response towards tax payment, returns filing and reporting of income if the rich taxpayer pays more taxes than me?

THEME TWO (2)

To examine how horizontal equity perception affects tax compliance behaviour among SMEs in Ghana.

3. What will be your response towards tax payment, returns filing and reporting of income if you find out that most people who earn the same income as me pay more taxes than I do?
4. What will be your response towards tax payment, returns filing and reporting of income if those who earn about the same income as you pay lower taxes than you?

THEME THREE (3)

To evaluate how exchange equity perception affects tax compliance behaviour among SMEs in Ghana

5. What will be your response towards tax payment, returns filing and reporting of income when you compare the amount of income taxes you pay to the number of services you get back from the government?
6. What will be your response towards tax payment, returns filing and reporting of income if you pay more as income taxes than you receive in services from the government?

THEME FOUR (4)

To examine how compliance intention mediates the relationship between tax equity perception and tax compliance behaviour among SMEs in Ghana.

Scenario: Mr Mbilla owns a small business and pays income tax on his business earnings. Mr Mbilla is also a part time cleaner in a Public University where he earns an annual part-time allowance of GHS10, 000. Assuming you were Mr Mbilla.

7. What will be your response towards payment, reporting and filing of tax on the GHS10, 000 part-time allowances?

THEME FIVE (5)

To determine how tax knowledge moderates the relationship between tax equity perception and tax compliance behaviour among SMEs in Ghana.

8. What will be your response towards payment, reporting and filing of tax if you are provided training or education on how to pay report and file tax returns?
9. What will be your response towards payment, reporting and filing of tax if you are aware of the penalties for not paying, reporting and filing of tax returns?
10. What will be your response towards payment, reporting and filing of tax if you are aware of the physical location of tax a office, tax laws and the amount of tax to be paid?

THEME SIX (6): Other Issues

11. In your own opinion, what are some of the reasons why SMEs fail to honour their tax obligation?

Thanks for your time.

APPENDIX 1: ETHICAL CLEARANCE CERTIFICATE



22 October 2021

Simon Akumbo Eugene Mbilla (221117540)
School Of Acc Economics & Fin
Westville Campus

Dear SAE Mbilla,

Protocol reference number: HSSREC/00003386/2021

Project title: Tax equity perceptions, compliance intention and compliance behaviour among small and medium enterprises in Ghana

Degree: PhD

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 16 September 2021 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. **PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 22 October 2022.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/dd

Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/Research-Ethics>

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