

UNIVERSITY OF GHANA

**EXAMINING THE DETERMINANTS OF TAX COMPLIANCE INTENTION
AMONG THE SELF-EMPLOYED IN GHANA**

BY

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DECLARATION

I hereby declare that this work is the result of my own original research and has not been presented in part or as a whole for any academic award in this or any other university. All references used in this work have been duly acknowledged. I am solely and exclusively responsible for any short comings of this work.



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CERTIFICATION

We hereby certify that the thesis was supervised in accordance with procedures laid down by the University of Ghana.



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DEDICATION

I dedicate this work to my wife; Jennifer A. Attah and lovely sons; Edwin K. N. Mintah
and Aidan G. K. Mintah

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DEFINITION OF TERMS

ABBREVIATION	MEANING
MSEs	Micro and Small Enterprises
OECD	Organisation for Economic Cooperation and Development
CDTC	Custom and Domestic Tax Compliance
ETPB	Extended Theory of Planned Behaviour
ABIS	Antecedent-based Intervention Strategies
STO	Small Taxpayer Office
MTO	Medium Taxpayer Office
LTO	Large Taxpayer Office
GRA	Ghana Revenue Authority
GSS	Ghana Statistical Service
RGD	Registrar Generals Department of Ghana
IBES	Integrated Business Establishment Survey
VAT	Value Added Tax
NBSSI	National Board for Small Scale Industries
TIN	Tax Identification Number
PAYE	Pay As You Earn
SPSS	Statistical Package for Social Sciences
PLS-SEM	Partial Least Square Structural Equation Model
MMDA's	Metropolitan, Municipal, and District Assemblies
WBG	World Bank Group
IMF	International Monetary Fund
GDP	Gross Domestic Product

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ABSTRACT

Empirically, studies on tax compliance have often focused on tax evasion, especially from the firm level perspective. This study, however, provides evidence on tax compliance from an individual viewpoint. Relying on the Extended Theory of Planned Behaviour, the study examines the impact of Attitude, Subjective norms, Perceived behavioural control, Moral obligation, Perceived tax complexity and Antecedent-based intervention strategies on tax compliance intention. Additionally, the study examines if the trust of individuals in the tax system affects their intents to be tax compliant. Adopting a survey method of research, a set of questionnaires were designed and administered to self-employed individuals in Ghana. Out of 750 questionnaires administered, 725 were used for the study analysis by means of a structural model analysis using the Partial Least Square based Structural Equation Modelling technique. Results of the study suggest that self-employed individuals generally have the intention to be tax compliant. The study also demonstrates that some antecedent-based intervention strategies influence individuals to comply by default. Notwithstanding, the degree to which an individual will comply depends, to a large extent, on the person's level of trust in the tax system and authority. The findings of the study make significant contributions to the tax compliance discourse by providing new awareness on the determinants of self-employed individuals' tax compliance intention, an area that has received little attention by researchers. Theoretically, findings of the study provide empirical support for the inclusion of the constructs trust, perceived tax complexity and antecedent-based intervention strategies as key predictors of tax compliance intentions. The findings of this study provide discerning implications to all taxpayers, entrepreneurs and policy makers in enhancing tax compliance in Ghana. To researchers, the study makes

insightful recommendations on conducting similar studies to enrich the tax compliance discourse.

CHAPTER ONE

INTRODUCTION

1.1 Background

The issue of tax compliance is a global happening which is as old as tax itself (Naporow, 2015). Nations all over the world have reformed their revenue mobilisation strategy to enhance revenue collection through voluntary compliance by ensuring that revenue collection through enforcement in the 21st century becomes a thing of the past. Tax permits an obligatory charge by governments to, by law enforce the collection of revenue from the resident or non-resident persons in/of a nation to assist in funding state's financial and developmental commitments.

In advancing the reliability of the non-economic method of tax compliance, the strength of earlier research on economic deterrence factors such as penalties and tax audits to prevent tax evasion has been heavily criticised since the 1990s. Most studies from the researchers of the time highlights that “the test of tax compliance is not to explain why people evade, but rather why people willingly pay taxes” (Mohdali & Pope, 2014, Pp.72), and hence most tax academics braced non-economic factors such as attitude, subjective norm, perceived behavioural control and moral obligation. Regardless of people's perception of less chances of being audited and facing penalty for evasion, most people never miss paying their taxes (Alm, Jackson, & McKee, 1992).

Taxation remains a cost cut drive into which most businesses are venturing into (Murphy, 2004). As a global issue, African companies just like Ghana have resorted to the use of

skillful measures in postponing, avoiding and evading tax payment. This has resulted in a reduction in the amount of revenue the government derives from tax. As established in the public finance literature, countries agenda to undergo any significant transformation requires a quick motivation from governments (Young, Lei, Wong, & Kwok, 2016; MoF fiscal data, 2013-2018; Otioku, 1992).

Tax signifies “an unavoidable, unreciprocated sum to the state” (OECD, 2019, Pp. 1), the level of borrowing in order to provide goods and services for the good of the people is determined by the amount of taxes and grants a government raise and receive. The link between the total amount of taxes and grants a country raise and receive, and its total debt to Gross Domestic Product ratio is linear in nature (Checherita-Westphal & Rother, 2012). Ghana’s debt-to-Gross Domestic Product ratio for 2018 and 2019 fiscal year stood at 58% and 63.1% respectively (BoG, 2019; IMF, 2019). A nation with an overburdened debt-to-Gross Domestic Product ratio, such as Ghana, therefore exposes itself for an empirical investigation into the tax compliance of her citizenry and corporate bodies including MSMEs (Checherita-Westphal & Rother, 2012). Ghana has recorded domestic revenue mobilisation deficit for the past 6 years (MoF Fiscal Data, 2013-2018).

Voluntary tax compliance is essential in mobilising the needed revenue for government development programmes. Ghana’s Income Tax Act, 2015 Act (896) explained tax compliance as the “*ability and willingness of taxpayers to comply with tax laws and regulations, declare the correct income or revenue periodically and pay the right amount of taxes on time*”. Tax compliance illustrates a high level of receptiveness of taxpayers in

voluntarily meeting tax obligation or when required to do so by tax authorities (Yin, Wemag, & Abugre, 2016). The failure to follow the tax provisions suggests that a taxpayer may be committing an act of non-compliance (Kirchler, 2009).

In Ghana, the nature and size of the self-employed constitute professionals operating in relatively small organisation who are a significant portion of the taxpaying group. However, they are “difficult to tax” because of the high cost associated with their assessment for tax (Mbilla, Gatsi, Arhin & Ayimpoya, 2018). Taking the over eighty-six percent (86%) of Ghanaians working in the informal sector (GSS, 2012), a chunk of them are unregistered with the appropriate bodies for assessment purposes (Amponsah, Isshaq, & Agyapong, 2019); hence the possibility to dodge taxes and other constitutional commitments. This seems to be the reason why the non-compliance level in the country is very high among taxpayers (Azah, 2005).

This study therefore contributes to the compliance literature by focusing on individuals’ intention to engage in tax compliance. Particularly, the study examines the phenomenon of tax compliance by examining factors such as attitude, subjective norms, perceived behavioural control, moral obligation and trust in the tax system and authority, and antecedent-based intervention strategies (opening new communication channels, considering citizens opinion, third-party reporting and cross-check, frequent visit to clients and leveraging the power of social recognition) that give details about individuals’ intention to engage in tax compliance. The study findings offer awareness that is useful to the determinants of tax compliance literature.

In the past, studies have explored numerous elements propelling tax compliance. These researches have shown a number of elements motivating tax compliance among big firms, lesser and intermediate enterprises and pay hands (Sadress, Bananuka, Orobia & Opiso, 2019; Mbilla et al., 2018; Alleyne & Harris, 2017). Interestingly, studies on tax compliance have concentrated on individuals' intention to evade (Owusu et al., 2019; Mohdali & Pope, 2014), tax morale and compliance intention (Young et al., 2016), the compliance intention of small and medium enterprises (Naah, 2018, Abdul-Razak & Adefula, 2013), individual drivers and tax compliance intention (Mbilla et al., 2018), but not on behavioural factors that influence self-employed individuals tax compliance intention which has receive less attention in the informal sector.

1.2 Problem Statement

The issue of tax compliance has received considerable research attention as researchers continue to investigate ways in which governments can increase their tax revenues. Most studies on tax compliance have often measured the concept using a single economic indicator such as penalties, income levels and tax audits or non-economic factors such as culture and religiosity. Emerging studies, however, highlight the need to use multiple behavioural indicators to measure tax compliance by employing economic or non-economic factors to increase the validity and reliability of the measurement of the concept (Sadress et al., 2019; Enyi, & Adegbeie, & Agbetunde, 2019; Appah & Wosowei, 2016). Subsequently, some studies have employed multiple behavioural indicators based on theory to measure tax compliance (Owusu, Bekoe, Anokye, & Anyetei, 2019; Alleyne & Harris, 2017).

Irrespective of the increase in studies using multiple measurement variables for tax compliance, most of these studies have focused on tax evasion as a function of non-compliance, primarily at the firm level (Sadress et al., 2019; Enyi et al., 2019; Yin et al., 2016) with narrow attention on individuals. The few studies on tax compliance issues at the individual level have focused largely on people working in established institutions as employed staff with narrow attention to the self-employed population (Alleyne & Harris, 2017; Owusu, Bekoe, Anokye, & Anyetei, 2019). Although the self-employed continue to dominate reported circumstances of non-compliance and have been described as the difficult to tax (Mbilla et al., 2018; Otioku, 1992), research interest in this area has been low. Considering the generic nature of tax compliance and the apparent gap in the tax literature, the study focuses on self-employed individuals due to their ‘difficult’ nature of identification, assessment, collection and payment voluntarily by extending the ETPB to include perceived complexity and antecedent-based intervention strategies while controlling for trust.

In the case of Ghana, due to the acclaimed unfairness in the tax system (Atuguba, 2006), antecedent-based intervention strategies yielding behavioural misdemeanours and trust issues have resulted in compliance by default (WBG, 2019; Langham, Paulsen, & Hartel, 2012; Otioku, 1988). Thus, this study takes into account antecedent-based intervention strategies which include opening new communication channels, considering citizens opinion, third-party reporting and cross-check, frequent visit to clients and leveraging the power of social recognition affect individual’s intention to comply, and hence need researchers’ attention. Again, though not overlooking the importance of studies on tax evasion, this study agrees with Mohdali and Pope (2014)’s proposition that studies into

compliance need to concentrate on why people willingly pay taxes to reduce non-compliance rather than why people evade taxes. Subsequently, this study focuses on the factors that drive tax compliance intentions among self-employed individuals.

Furthermore, most studies relied mainly on the Theory of Reasoned Action (TRA) and the Theory of Planned Behaviour (TPB) as theoretical bedrock for individual behavioural factors that influence intention. While this theory has been significant in aiding our understanding of individuals' intention and its related beliefs (Beck & Ajzen, 1991), the Extended Theory of Planned Behaviour (ETPB) is adapted in this study by including 'perceived complexity' from a provisional assessment perspective; while 'trust in the tax system and authority' control for all the factors except antecedent-based intervention strategies and individuals' intention to comply with tax laws in order to determine the strength of the relationship. This study, therefore, redefines the variable perceived complexity of ETPB to measure how individuals perceive the tax system to be simple or complex in terms of reporting, filing and payment. In effect, the study argues that the simplistic or otherwise nature of the tax laws can affect individuals' tax compliance intention.

1.3 Research Objectives

The focal objective of the research is to examine the factors that influence self-employed individuals' compliance intention in Ghana. The specific objectives of the study are to;

1. examine the factors that influence individual taxpayer's compliance intention;
2. evaluate the effect of antecedent-based intervention strategies on tax compliance intention; and

3. examine the moderating role trust plays in the relationship between attitude, subjective norm, perceived behavioral control, moral obligation, perceived tax complexity and tax compliance intention.

1.4 Research Questions

1. What are the factors that influence individuals tax compliance intention?
2. What are the effects of antecedent-based intervention strategies on tax compliance intention?
3. What is the moderating effect of trust in the tax system and authority on the relationship between attitudes, subjective norms, perceived behavioural control, moral obligation and perceived tax complexity on tax compliance intention?

1.5 Significance of the Study

The study presents potential significance along two strands. To research, the study adds to a deficient area of the tax compliance research, by investigating the factors that influence self-employed individuals' intention to comply. The findings of the study provide new awareness into the compliance discourse particularly on the subject matter of self-employed individuals where attention has been narrowed. The study also adds to existing knowledge of tax compliance research by using the perceived strength of trust as a moderating variable. Also, the addition of perceived tax complexity to the ETPB increases its empirical reliability and validity as a measure of compliance intention.

To practice, information on what promotes voluntary tax compliance among individuals in the informal sector would be made known and hence measures can be put in place to discourage non-compliance in Ghana. Tax authorities would also be guided by identified causes to aid in detecting willful non-compliance.

1.6 Organisation of the Study

The study is organised into five chapters as follows:

Chapter one gives a general overview of what the study is about and what the study intends to achieve. It comprises background, the problem statement, research objectives, research questions and the significance of the study.

Chapter two reviews existing literature on tax compliance; specifically, the informal sector, and discusses the factors that influence self-employed individuals' intention to engage in tax compliance as suggested by the ETPB alongside perceived complexity and antecedent-based intervention strategies. The chapter also discusses the research framework and how the hypotheses tested in the study were developed.

Chapter three discusses in detail the methods used for the study. It discusses among other things the research design, the sampling technique and sample used, how data was collected as well as the data analysis process.

Chapter four presents and discusses the key findings of the data analysis.

Chapter five, the final chapter, provides a summary of the entire thesis and draws conclusions by highlighting the key findings of the study. The chapter also discusses the study's key contributions, the limitations and makes recommendations for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review brings together the theoretical and empirical studies that provide the background for the study. Thus, the theory that explains and underpins taxpayer behaviour when confronted with a compliance decision is also discussed.

2.2 The Concept of Taxation

The state government has an embedded power of taxation to impose and require monetary contributions from the public for the benefit of the public (Yin et al., 2016). Taxation is defined as “the levying of compulsory contributions by public authorities having tax jurisdiction, to defray the cost of their activities where no specific reward is gained by the taxpayer” (Ali-Nakyea, 2014, Pp. 4). The money collected is used for the common good of the citizenry. Similarly, James and Nobes (1997) defined tax as obligatory levy from the citizens of a country to the government for which there is no assurance of any direct benefit in return. Taxation has therefore been referred to as the life wire of every country, without which the wheels of progress will not move at all.

In mobilizing taxes, the direct or indirect approach may be used by the authority both progressively, proportionally or regressively (Venter, Hamel, & Stinging, 2004). Thriving a state on limited means is comparative to the use of a car with inadequate or no oil. Otchere-Ankrah, Senior, and Junior (2014) maintained that taxes are a life blood of every economy. Having adduced a number of motives for taxes, the paramount goal of taxation

is to raise from the people and economically vigorous residents so as to fund state expenditure. Generally, the gains of taxes are not directly experienced by the taxpayer, the taxpayer has a civic responsibility with regard to funding the state by equally paying from his or her earnings periodically. Also, government effort to bring development by providing the relevant social amenities and infrastructure may not be fulfilled if tax revenue generation is not done domestically (Otioku, 1992 as cited by Mbilla et al., 2018).

Currently, most developing countries like Ghana have focused much on the formal sector of economy where only twenty percent of the operational population are recognised and burdened (Agyei, 2004), allowing the self-employed in the informal sector who form eighty percent of the working class untaxed (Naporow, 2015). It is therefore essential to understand the seriousness of tax compliance from an emerging economy viewpoint where the self-employed is averagely 70 percent of businesses in Sub-saharan Africa where domestic revenue mobilization is always in deficit (Adom & Williams, 2012).

2.3 Concept of Tax Compliance

In basic administrative position, tax compliance comprises listing or notifying tax authorities of one's standing as a taxpayer, presenting a tax return each year and in the wake of the essential payment time frames (Ming, Normala, & Meera, 2005). According to Alm et al (1992), tax compliance is a voluntary act of reporting all incomes and paying all taxes by fulfilling the provisions of tax laws, regulations and court judgments. James and Alley (2002) think through tax compliance by designating it as the 'gap', representing the variance between 'true' earnings tax burden and amount collected as a final point on

the grounds of volition or by suit action. James and Alley (2002, Pp.32) also posits that “tax compliance refers to the willingness of individuals to act in accordance with both the intent (the “spirit”) and the literal interpretation (the “letter”) of the tax law and administration without the application of enforcement activity”.

Singh (2003) further maintains that tax compliance is a person’s act of filing Income Tax Forms, declaring all taxable income accurately, and paying off all tax liabilities promptly without having to wait for follow-up actions from the tax authority. From regulatory policy perspective, Income Tax Act, 2015 Act (896) of Ghana defined tax compliance as “*the ability and willingness of taxpayers to comply with tax laws, declare the correct income in each year and pay the right amount of taxes on time*”. The law comprises listing or notifying tax overseers of standing as a taxpayer, tendering tax returns annually, and ensuing the mandatory payment duration, updating tax records and informing tax authorities about change in operations (Ming *et al.*, 2005). The idea of voluntary compliance is key for both individuals and businesses. The foregoing informs that tax compliance is central stage issue to every nation that cannot be toiled with in the developmental agenda. Therefore, the need to understand taxpayer attitude to enable the development of appropriate policies to elicit optimal levels of voluntary compliance.

Operationally, tax compliance is studied within two approaches: Economic rationality and Behavioural view (tax ‘gap’ and ‘cooperation’ of taxpayers) through tax avoidance and tax evasion (Andreoni, Erard & Feinstein, 1998). In view of the changing business environment, e-filing and timing and why individuals pay taxes, this study puts compliance into three strands: filing compliance (non-disappointment to file a tax returns); reporting

compliance (non-understating revenue or not over-claiming tax deductions and credits; underreported revenue, inflated counterbalances or expenses and net arithmetical errors); and payment compliance (non-failure to fully pay reported taxes owed).

Thus, in promoting compliance, it is imperative to maintain the right sense of balance in inspiring intentional compliance and preventing conscious non-compliance. To clarify the doubt whether compliance implies deliberate or unavoidable behaviour, there is the need to combine deterrence and volition to satisfy ‘economic rationality’ and ‘cooperation’ and hence, there is however considerable scope for unintentional non-compliance (James & Alley, 2002). Complete compliance may possibly require constructive activities on the part of the taxpayer to discharge his or her legal duties thoroughly. It could be that taxpayers unknowingly desert tax responsibilities for the reason that they are unable to correctly file their tax returns or are uninformed of, or misinterpret several provisions of the tax structure, or for comparable details. Relatively, non-compliance is not only intentional violation but also involves violation in terms of ignorance.

Compliance by taxpayers as a civic obligation is also expressed as a readily action (compliance by will) or modified by proof or suit actions brought by the revenue body (imposed compliance). Administratively, peculiarity between the two is very appropriate as ‘imposed compliance’ is extremely costly. Regarding the principal objective of increasing tax revenue, the GRA had better improved the general level of deliberate compliance and, by description, depend less on imposed compliance (OECD, 2008). This

study therefore investigates the compliance intention of individuals in the informal sector specifically micro and small enterprises by either evading (illegality) or avoiding (legality).

2.3.1 Tax Evasion and Tax Avoidance

Since biblical times, “*Zacchaeus had his troubles in collecting taxes for the Romans. In today’s world, this remains very much the same as persons now pay taxes to their governments*” (Alleyne & Harris, 2017). Tax evasion is the practice of illegally reducing a person’s tax burden (Jones & Rhoades-Catananch, 2010). McGee (1999) found the two main reasons for evasion to be the lack of a mechanism in place to collect taxes and the widespread opinion that the government does not deserve a portion of a worker’s income. Relatively, Keen (2008) postulated that not withholding taxes for payment of goods and services are more pronounced in self-employed businesses and low incomes earners than corporate bodies and higher income earners. It is prudent to conclude that tax dodging is of non-compliance.

The income tax Act, 2015 (Act 896) defines tax avoidance to include “*an arrangement, the main purpose of which is to avoid or reduce tax liability*”. Tax avoidance is a practice of reducing tax burden legally (Jones & Rhoades-Catananch, 2010). However, if taxpayers extremely exploit the law and reduce tax required, this hardly be judged ‘compliance’ either. Such actions may possibly comprise taking part in false dealings to shun tax, penetrating all imaginable genuine tax deduction, by means of delay schemes and entices inasmuch as this may lessen the flow of tax payments. Firms and individuals are characteristically required to pay carrots when transacting with public officials whose actions openly affect their actions (Svensson, 2003). In supporting this outcome, Torgler

(2005) maintained that bribing tax officials to pay fewer taxes were higher among higher-income earners. Also, another study by Imam and Jacobs (2014) conclude that complex tax systems and rules promote bribing of tax officials by businesses in Middle East.

2.3.2 Tax Compliance Intention

Intention denotes the magnitude of mindful exertion that a person will keep an eye on to approve his/her behaviour; intention is also held as one of the motivational mechanisms of behaviour (Ajzen, 1991). The driving issues that affect a person's behaviour are contained in the person's intention. "Intentions give a signal of people's consistency and desire to pursue a behaviour as well as the amount of planned effort to be applied in order to perform the behaviour" (Ajzen, 1991).

According to Ajzen (1991), people's intention to carry out a specific behaviour is predisposed by attitude in the direction of the behaviour (the magnitude of people's assessment of favourableness or unfavourableness of behaviour), subjective norms (apparent social burden from others to either perform or not to perform a behaviour) and perceived behavioural control (supposed comfort or trouble in the behaviour occurrence). Earlier surveys have exploited these models in predicting people's intentions to involve in a tax behaviour (Taing & Chang, 2020; Owusu et al., 2019; Alleyne & Harris; 2017; Feruta, 2014; Adefula & Abdul-Razak, 2013). This study therefore employs intention as proxy to measuring actual tax compliance behaviour because measuring actual behaviour would be very cumbersome.

2.4 Empirical Review

This part of the literature is based on the necessary concepts that best explain tax compliance intention of individuals. The main conceptual framework that comprehensively engineer the entire study is also included. Satisfying the objectives of this study, the empirical review on tax compliance intention is very paramount alongside a theoretical review.

2.4.1 Prior Studies on Predictors of Tax Compliance Intention

There are numerous studies on tax compliance and behaviour of individual taxpayers in both developed and developing countries (Taing & Chang, 2020). These studies investigated the behaviour of various categories of taxpayers and the level of compliance with existing tax content and law within a particular jurisdiction. Also, most of the studies investigated the factors of tax compliance with the motive of ensuring a better understanding of taxpayer compliance behaviour as a guide to improving revenue collection. Researches have established theoretical fact on the impact of attitude and societal dynamics such as perception of other people's uprightness on tax compliance (Ajzen & Fishbein, 1980).

Alleyne and Harris (2017) relied on extended theory of planned behaviour (TPB) variables as antecedents accounting for taxpayers' intention to engage in tax evasion in Barbados. The survey study used a mixed approach to collect data on 150 taxpayers and multivariate and thematic analysis were used to generating the results. The study indicates that the influence of unfavourable attitude towards tax evasion, perceived difficulty to perform the

action and a strong sense of moral obligation lowers intention to engage in tax evasion. Also, subjective norm was insignificant to the study. Despite the outcome of this study, a smaller sample size was employed and this seem less representative enough. Also, the study limited itself to only tax evasion without avoidance and this does not discuss compliance in total.

In addition, Mohdali, Isa, and Yusoff (2015) from a mixed method study conducted in Salwa-Kuwait; on the consequence of punishment on tax compliance, they find that punishment has insignificant effect on taxpayer's compliance. On the contrary, Castro and Scartascini (2015) experimented how deterrence influences tax compliance among taxpayers in Australia and deduced that taxpayers that receive deterrence message have a higher probability to comply than the taxpayers in the control group. Though these researchers investigated tax compliance among taxpayers in different jurisdictions, the focus has been on economic factors such as deterrence and punishment which has received much attention in the tax compliance literature.

In another study, Ali and Ahmad (2014) looked at how trust impact tax compliance among the working youth in Malaysia. Intentions were proxy for filing a tax return to represent actual tax compliance in order to counter studies that used tax morale as a substitution for tax compliance. The researchers categorised taxpayers into registered and unregistered. Out of 2,030 working youth, 500 were drawn as sample for the study and two significant relationships were found out of five hypotheses set. It was strongly confirmed by the research that trust has a significant relationship with filing return intentions alongside tax

awareness; whereas, the remaining relationships were insignificant. In this study most of the hypotheses revealed insignificant relationship and could be as a result of the single indicator used alongside respondents within a specific age group. Looking at the sample size, the researchers could have opened up to all age groups for an emphatic outcome on tax compliance.

Similarly, Mukasa (2011) conducted a study in Uganda by way of examining the connections linking tax awareness, apparent tax fairness and tax compliance of SMEs. Using a mixed method approach for the cross-sectional study, registered SMEs were the target population. Out of the 330-sample size from which the information was elicited, it was observed that tax knowledge, perceived tax fairness and tax compliance had a significant corroborative relationship. Sadress et al., (2019), also conducted a study in Uganda on the precursors of tax compliance of minor business initiatives: a developing country perspective. The single study was conducted to examine the role of attitude towards electronic tax system, adoption of electronic tax system and isomorphic forces towards tax compliance of SBEs. They adopted a cross-sectional and correlational approach for the survey study where data was collected from 214 SBEs through their managers and SPSS was used for the data analysis.

Sadress et al., (2019) find attitude toward electronic tax system, adoption of electronic tax system and isomorphic forces impacting tax compliance. Comparatively, isomorphic forces have high predictive power of tax compliance than attitude toward electronic tax system. In addition, coercive, normative and mimetic isomorphism as constructs of

isomorphic forces are significantly bonded with tax compliance. The researchers' knowledge is that this study is the first of its kind which looked at the contribution of attitude towards electronic tax system, adoption of electronic tax system and isomorphic forces towards tax compliance of SBEs in a developing country in an African context. These studies were well planned to predict compliance in the informal sector of developing countries. However, they all focused on SMEs and SBEs ignoring Micro businesses and hence, a good area to embrace in my study.

From another Africa perspective, Appah and Wosowei (2016) also examine tax compliance intention and the behaviour of the individual taxpayer: evidence from Nigeria. This study used a sample size of 785 respondents and data was collected using questionnaire. Analysis of the data was done using relevant diagnostics tests and multiple regression models. The outcome of the study showed that there was significant relationship between tax compliance intentions and attitudes; tax compliance intentions and social and moral norm variables; and tax compliance intentions and risk and penalties.

The study therefore recommended that the relevant tax authorities should create a department to specifically attend to voluntary tax compliance issues; tax authorities should apply tax morale model of compliance that incorporates intrinsic taxpayer motivations emphasizes a more individual carrot and stick approach among others to encourage voluntary compliance. Evidence from this study showed that the researchers adopted both economic and non-economic approaches together with a large sample size in investigating tax compliance intention. However, they failed to use a much comprehensive method such

PLS-SEM in analysing the data collected on the behavioural factors such as attitudes, social and moral norms.

In a typical Ghanaian setting, a study was conducted by Mbilla et al., (2018) to investigate the main drivers of tax compliance amongst self-employed in the North using a 361 valid sample size. Using structural equation modelling, the study result showed a significant relationship amongst economic drivers: tax rates, tax audit and perception of government spending, individual drivers: personal financial constraints, awareness of offences and of penalties, and social drivers: referent groups and association, opinions of social leaders, ethics and attitude of the taxpayer, equity and fairness, political affiliation of the taxpayer, and tax compliance behaviour. However, the study found institutional drivers as insignificant on tax compliance.

Furthermore, Owusu et al. (2019) looked at the elements that affect the intention of individual taxpayers to participate in tax evasion in Ghana using the University of Ghana Business School students as the accessible population. Using a survey method, data was collected from 662 students with undergraduates constituting the majority (65.86%). The study relied on the ETPB variables as the theoretical structure to examine potential taxpayers' intention to evade tax. The study revealed that respondents' intention to evade tax was fairly low and majority of the students view tax evasion as wrong run-through irrespective of when tax proceeds are apparently not put into good use by the government.

The outcome shows attitudes and subjective norms positively influence intentions to evade tax although the opposite holds for moral obligation. Subsequently, it found that ethical views on taxes have imperative implications on intentions to evade. Owusu et al., (2019) further argued from the outcome of their study that, since ethical orientation and moral issues influence the intention to involve in tax evasion, willful compliance behaviour can be promoted as a course of study in Ghanaian universities and other training institutions. Finally, Mbilla et al., 2018 and Owusu et al., 2019 also contributed to the tax literature by investigating tax compliance intention in the Ghanaian context where the researchers employed Covariance based SEM in the data analysis.

That notwithstanding, Mbilla et al., 2018 focused on institutional, economic and personal drivers in determining tax compliance among the self-employed in the northern part of Ghana. Thus, these drivers do not address the more reasons why people pay taxes and hence, lacking on behavioural grounds. Similarly, Owusu et al., 2019 relied on data which has most respondents being potential taxpayers and the few actual taxpayers being formal sector employees where tax compliance seems high in Ghana. Highlighting the gaps in prior studies, this study would focus on the self-employed specifically MSMEs in Ghana where attention has been low. Thus, relying on the ETPB variables alongside perceived tax complexity and antecedent-based intervention strategies in predicting tax compliance intention in terms of evasion (illegality) and avoidance (legality), trust would control for all the variables except antecedent-based intervention strategies.

2.4.2 Classification of Micro and Small Enterprises (MSEs), the Informal and Self-employed

Universally, there is no accepted definition of MSEs. Diverse areas or states have well-defined MSMEs centered on indigenous set-ups and circumstances. It is worth noting that some definitions may not be appropriate in certain regions or locales. For example, the characteristics and style of action of small businesses in Ghana make the study to adopt the definition by the NBSSI. The National Board for Small Scale Industries (NBSSI) in 2014 provided a working definition of Micro and Small Enterprises to mean “those enterprises employing 29 or fewer workers. Micro enterprises are those that employ between 1-5 people with fixed assets not exceeding USD 10,000 excluding land and building. Small enterprises employ between 6 and 29 or have fixed assets not exceeding USD 100,000 excluding land and building”.

The National Board for Small Scale industries (NBSSI) further classified MSEs as follows: “Micro enterprise: less than 5 employees; Small enterprise (6–29) employees. Micro and Small Enterprises (MSEs) in Ghana are found in fields of farming, fishing, small scale mining, restaurants, food processing, education and other services”. MSEs in Ghana are categorised into urban and rural enterprises. The urban enterprises are sub-divided into ‘organised’ and ‘unorganised’. The organised enterprises have employees who receive remuneration and registered office location whilst artisans who work in open spaces, temporary wooden structures, or at home and have no remunerated workers or few in some instances are classified as unorganised.

2.4.3 Informal Sector

Several attempts were made to define the concept 'informal sector,' after it was discovered in seminar work on "urban informal sector" in Ghana by Hart (1970). The lack of universally accepted definition resulted in diverse definitions. Some varied definitions are offered as follows:

(a) All economic activities that contribute to the officially calculated Gross National Product (GNP) but currently unregistered (Feige, 1989); (b) Market-based production of goods and services, whether legal or illegal, that escapes detection in the official estimates of the Gross Domestic Product (GDP) (Smith, 1994); (c) Farrell, John and Fleming (2000, Pp. 38) maintained that "currently there are two approaches to defining Informal Sector activity: the definitional and behavioural". "Informal sector is economic activity unrecorded in the official statistics such as the gross domestic product (GDP) and, or the national income (NI) accounts (Farrell et al, 2000). Behavioural approach, on the other hand, maintains that "informal sector is based on whether or not activity complies with the established judicial, regulatory, and institutional framework" (Farrell et al, 2000, Pp. 38). Farrell et al (2000) further posits that, Ghana's informal sector is dated far back in the Gold Coast during the colonial capitalism era. At such an early stage, "an essential feature of labour in the informal sector was heterogeneous character that provided for varieties of peasant proprietors and agricultural labourers, distribution agents, buyers, transport owners and employees, porters, repairers" (Ninsin, 1991; Adu- Amankwah, 1999).

Ghana's informal sector employs 80% of its total work force (GSS, 2010; GSS, 2008; Hormeku, 1998). Chen (2006) argues that the informal sector occupies a position on the

continuum of economic relationships, therefore cannot be isolated from the formal economy. Invariably, any strategy expected to maximise tax collection should go for the self-employed. Nonetheless, settling on the suitable tax scheme that would effectually hook onto the tax net as many self-employed people as thinkable is constantly problematic. To a large extent, even if a fitting tax procedure is devised, there has continuously been the trouble on the part of tax overseers in getting to the self-employed, and this makes them extremely non-compliant to the ‘spirit’ and ‘letter’ of the law (Thuronyi, 2003). The self-employed, for that matter, the unofficial sector is usually perceived as a ‘difficult to tax group’ (Otioku, 1992). Some factors contributing to this are predominance of cash transactions, low standard of record keeping, excessive exploitation of the law and lack of voluntary compliance.

2.4.4 Self-Employed

Self-employed are individual businesses, operating in the informal economy who are specifically working for themselves or working on their own account or with one or few people. According to Camel (2000), self-employed mean people who work for themselves, and they may or may not engage other peoples’ services or members of their families to help run the business without a defined mode of payment.

2.4.5 The Tax System in Ghana

The tax system a state adopts hugely influences the morale of entities and individuals towards compliance. The United States of America’s (USA) tax structure varies from the structure of most nations such that it is a system of volition; meaning USA taxpayers decide

the amount of income stated and tax deductions taken on their own tax returns. This system of taxation in the USA is referred to as the “self-assessment system” (SAS) taxation. The second major system of taxation practiced in other parts of the world is the “British approach”. Under this system, tax authorities have the sole responsibility of determining an individual’s tax liability except those of employees. This is the Pay- As -You Earn (PAYE). It is also evident that a tax that costs one dollar to collect in America, costs twice to collect in the United Kingdom (UK).

The tax administration system in Ghana combines both the SAS and the British approach. Individual taxpayers such as the self-employed were allowed to adopt the British approach. In Ghana, the self-employed constitute a significant portion of the taxpaying group. The people in this category belong to the Small Tax Office (STO). The self-employed are also the “difficult to tax” group of taxpayers due to the vast cost associated with their assessment for tax and the fact that they do not have any permanent location address (Otioku, 1992; Mbilla et al., 2018). This seems to be the reason why noncompliance level in the country is very high among taxpayers (Azah, 2005).

2.4.5.1 Provisional Assessment and Self-Assessment Tax Systems

The mixed tax system allows that tax assessment in Ghana is made on provisional or self-assessment basis (GRA, 2017). Provisional system of taxation maintains that payments are made quarterly based on temporary assessment by GRA on estimated revenue and expenses considering the past performance of the individual or entity. Final assessment would then be made on these business or individual by the GRA at the end of the year not later than 31st March. Depending on the final assessment, businesses or individuals would then either

pay their accrued tax liability net of taxes already paid in the year or claim tax credit for overpayment within the year. Actual performance of the entity or individual at the end of the year would form a basis for the final assessment. However, when an interim calculation is made by the GRA, the individual has within 30 days to notify the GRA of the tax decision. This means that there is the need to raise an objection or ask for review when the taxpayer observes that the assessment and for that matter the tax, penalty and/or interest levied on him is disproportionate.

On the other hand, self-assessment is a system whereby responsibility is on the taxpayer to determine his or her own tax liability which is payable at the end of each quarter. He works out the tax liability based on his/her estimated chargeable income and then pays the tax due (GRA, 2017). The estimates made can be revised by the business any time before the end of the year. At the end of the year, the businesses are required to file their own tax liability with GRA before 31st March. Notwithstanding, GRA would also reassess these businesses based on accounts filed. Unallowable expenses and deductions are added back while tax reliefs and capital allowances are granted. Tax liabilities are expected to be paid on equal installment on or before the last day of each quarter of the basis period (PWC, 2017; GRA, 2017). Self-assessment should boost a person's morale for voluntary tax compliance if the tax system is well structured similar to developed countries like America. Thus, the Ghanaian case looks quite unrewarding hence huge revenue deficit which warrants vigorous tax audit by GRA. Consequently, the study target individuals to see the effect of the provisional assessment system on revenue mobilization and compliance intention. In conclusion, it must be made clear that provisional assessment is not a strait jacket or an imposition on the taxpayer since he is entitled to a sincere objection any time.

2.4.6 Typologies of Tax Compliance Behaviour

Considering the huge loss to the public revenue, all noncompliance with tax laws is the same. Thus, a major stance for defining tax noncompliance as a problem is the estimated huge “tax gap”. However, from both social scientific thoughtfulness perspectives of taxpaying behaviour and of plan attempts to maximize voluntary compliance, variations in varieties of noncompliance, their origins and social settings are highly important. Schwartz and Orleans (1967) maintain that different types of appeals to taxpayers for compliance had varied consequences on different categories of individuals. For instance, self-interest and legal threat pushed some taxpayers towards compliance, while moral appeals also motivated others.

This means that compliance and noncompliance may perhaps not be comprehended as single observable fact, nor may possibly be predisposed effectively by a single course of action or enforcement tactic. Thus, the adoption of too narrow a view of the complex behaviours involved in compliance and noncompliance with the legal rules could lead to misguided research and theory as well as policy. Contrary, just such a narrow view threatens to and had dominated efforts to understand taxpaying behaviour. This perception emphasizes noncompliance by individuals based on a careful calculation seeing that the risk of violating tax rules is outweighed by the benefits of doing so (Roth & Witte, 2005).

Largely, the tax compliance literature has ignored compliance variables having focused on noncompliance (economic benefit and potential loss through punishment) with little relative attention to the interrelated phenomenon of compliance. As a result, definitions of

noncompliance themselves mostly narrow the behaviour in question to “intentional” violation, therefore, down playing actions from ignorance or mistake. It can be seen from empirical research that the treatment of noncompliance as a single dependent variable despite its many forms and causes has the effect of saturating relationships with independent variables. This is to say because compliance and noncompliance are interrelated with a wide array of variables influencing taxpaying behaviour.

The typology is bases for calling attention to the rich complexity of taxpaying behaviour and the need for an ambitious research agenda focused not only on noncompliance but on the nature and context of general taxpaying behaviour. This study focuses on determinants of tax compliance intention (why people pay taxes) which entails both evasion and avoidance to fill the gap of little attention on compliance and over focus of prior studies on tax gap (noncompliance). Thus, the aim of this study is to improve voluntary tax compliance of taxpayers. Therefore, the focus would deduce why people decide to pay taxes when the odds of undergoing auditing is low and the punishment for violating the law if caught is not deterrent enough. One of the numerous ways of demystifying the phenomenon of tax compliance behaviour of individuals is to simply review the types of tax compliance behaviours individuals portray and this demands a review of the types of submission behaviours in literature. However, very few prior studies exist on the classification of tax compliance behaviour (Braithwaite, 2003; Torgler, 2003). Otieku (1988) however discusses the following types:

2.4.6.1 Defensive Tax Compliance

Defensive tax compliance is a behaviour occasioned by the deterrence mechanism, initiated by the surveillance effort of the GRA to identify noncompliant individuals, the capacity and effectiveness of the tax system in imposing sanctions for noncompliance and tax audits (Otiaku, 1988). Stated differently, the taxpayer only complies with tax for fear of being found out and sanctioned for noncompliant. According to Braithwaite (2002), these categories of taxpayers are called disengagement taxpayers. Slemrod (2007) is of the view that more effective deterrence factors such as fines, penalties, surcharges for delay, and effective surveillance are the main drivers of defensive compliance.

Similarly, Cardozo (2011) described this group of taxpayers as under-compliant. He ends that they have no clear image of their rights and obligations, and lack the will to solve tax related problems, and often require assistance from their acquaintances. This means that the mechanism usually tags people as “defensive taxpayers” such that they overestimate the long arm of the tax law and comply out of anxiety and not out of volition. This study would examine the contributing factor of tax compliance intention of single taxpayers to see the attitudinal side effects. Thus, this mechanism usually the voluntary compliance agenda.

2.4.6.2 Structured Compliance

This is a type of compliance behaviour which is executed in response to the coercive element of the tax law. It works not through the threat of punishment but rather through the elimination of or dramatic reduction in choice or opportunity to violate the law by taxpayers (Otiaku, 1988). For instance, the deduction and payment of PAYE and withholding taxes

does not give the taxpayer the opportunity to decide whether to comply or not. Notwithstanding, this group excludes self-employed individuals who are 'difficult' to locate, assess and made to pay the right amount at the right time; it also encourages evasion through ignorance. Thus, this study aims to narrow the gap between the formal and informal sector; by making the later attain the status of the former through voluntary compliance using a theoretical and behavioural complexity lenses to address the prior deficiencies in the tax compliance literature.

2.4.6.3 Self-Serving Compliance

According to Otieku (1988) taxpayers within this group are individuals whose quest to comply with the tax code is to reduce their tax liabilities by using all opportunities created by the tax laws to minimize their tax burden. He further states that this group through the services of professional tax experts engage in tax planning to comply with the tax laws. This means that their exploitation of the tax legislations could either result in maximization of compliance, whilst others would perceive it to be noncompliance by whichever way the advantages accrue to the taxpayer. Relatively, Tyler (2003) posits that these groups of taxpayers engage in evaluating the benefits and losses to maximize outcomes; and see tax compliance in their own interest. This study duly elicits the impact of the compliance determinants on the intention of individual taxpayers from a provisional assessment perspective to improve voluntary tax compliance against the extreme exploitation of the tax laws.

2.4.6.4 Habitual Compliance

This is a compliance behaviour which builds over time as individuals develop a pattern to meet the demands imposed upon them by tax laws. This means that the patterns may, of

course, move through the life course as the tax filing status modifications with changes in career, revenue and matrimonial status (Otiaku, 1988). For example, an individual's prior year's tax return would serve as a model for this year's and create a certain continuity in her tax reporting behaviour. Habitual taxpayers are seen to have a fairly fixed sense of what is reportable income and deductible expense. In tax, official surveillance is built into the system and reinforces habitual compliance. This study would expose the degree to which taxpaying behaviour becomes habitual and to offer a particular policy direction to finding ways of encouraging first-time filers to do so carefully, knowledgeably, and conscientiously.

2.4.6.5 Loyal Compliance

Loyal compliance occurs when people see tax as a moral obligation to pay and feel guilty about cheating on taxes (Otiaku, 1988). He further explained that such people see tax obligations as appropriate demands of government that yields reciprocal benefits by way of services and social protection and are ready to even overpay their taxes. According to Braithwaite (2002) this group see tax compliance as their civic and moral responsibilities and would always strive to comply with the tax laws, hence; they are described as committed taxpayers. This study would determine the extent to which moral obligation from a theoretical lens influences compliance intention of the self-employed individuals since there would always evaluate the fairness of the rules.

2.4.6.6 Social Compliance

This is a tax behaviour exhibited as a result of direct and indirect pressures and expectations from friends, family, role models, and community or prominent individuals, even though taxpaying is a private activity mainly due partly to the fear that what is private can become

public (Otieku, 1988). He further explains that individuals taxpaying behaviours are influenced by social networks, family, business associations, and churches they belong to. Therefore, the subjective norm in the study from the ETPB lens would examine the impact social influence plays or has on tax compliance intention.

2.4.6.7 Brokered Compliance

Otieku (1988) is of the view that constituents of this group capitalize on the counsel and assistance from professionals and non-professionals to aid them meet all their tax requirements. This group of taxpayers usually keep accurate records, report all income, and take only permissible deductions under the guidance of a tax professional. Impliedly, bound by ethical and legal standards, the professionals on whom these people rely on, ensure that the taxpayer conforms accurately to the tax laws and requirements.

2.4.6.8 Lazy Compliance

According to Otieku (1988) this group of taxpayers comply with taxes by default, as they unconsciously exert energies and time into conforming to the tax laws and as a result may over or under comply with tax laws due to their lackadaisical attitudes. He maintained that this group find an easy way to comply with taxes without learning difficult and changing rules, understand complex forms, and keep detailed records. This study through antecedent based intervention strategies (pattern of behavioural complexities) determines how lazy compliance affects voluntary tax compliance.

2.5 Theoretical Review – Tax Compliance Intention (TCI)

There are several theories used in tax compliance studies. Factors which influence tax compliance and/or non-compliance behaviour differ from country to country and also from

one individual to another (Kirchler, 2007). Using Extended theory of planned behaviour as the theoretical underpinning, this study therefore draws on the variables of this theory and investigates the factors that influence self-employed individuals tax compliance intention in the informal sector.

2.5.1 The Theoretical Framework: Extended Theory of Planned Behaviour (ETPB)

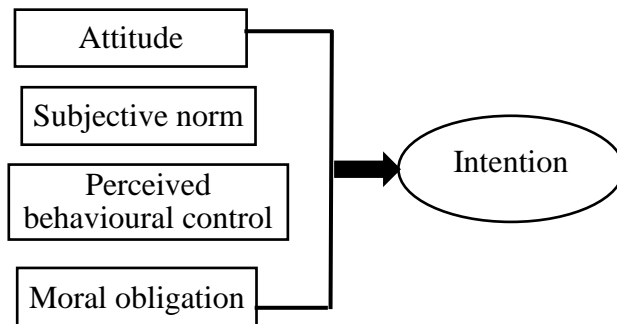
Theory of reason action (TRA) maintained that behavioural intentions are predisposed by attitudes and subjective norms (Fishbein & Ajzen, 1975). Afterwards, the TPB was promulgated by Azjen in 1991 as an extension of the theory of reason action which examined an individual's intention to carry out a particular behaviour of three factors used - attitudes, subjective norms and perceived behavioural control while intention influences performance of real behaviour. According to Hanno and Violette (1996), universal opinions about taxes are predisposed by attitudes and subjective norms. Ajzen (1991) further explains that attitude is the individual's valuation of a behaviour to be favourable or unfavourable. Subjective norms look at the extent to which a person is of the opinion that his or her decision can be influenced by the views of other relevant people. Also, perceived behavioural control explains the level of control (difficulty or opportunity) that a person has regarding his or her own capability to involve in a specific behaviour.

In developing an extended version of the TPB, Beck and Ajzen (1991) added 'moral obligation' as another variable to the TPB framework which describes the view that an individual has about moral uprightness (good) or otherwise (bad) of performing a certain behaviour. Against the background of the TPB's succinct and comprehensiveness, the study relies on the extended version of the TPB to investigate the factors that influence the

intention of individuals to engage in tax compliance. Specifically, the study examines whether owner-managers' attitude about tax compliance (attitude), their opinion of tax compliance endorsement by prominent stakeholders (subjective norms), their perceived ability to engage in tax evasion and avoidance (perceived behavioural control), and their perception of moral goodness or otherwise of involving in tax compliance (moral obligation) are significant predictors of intention to engage in tax compliance. Below is a diagrammatic presentation of the theoretical framework and explanation of the various variables.

2.5.2 Theoretical Framework

Figure 2.1: The Extended Theory of Planned Behaviour (ETPB)-(Beck & Ajzen, 1991)



The variables are explained below:

2.5.2.1 Attitudes towards the behaviour (AB) and Tax Compliance Intention

Attitude refers to the evaluation or assessment of the favourableness or unfavourableness of an attitude object (Ajzen & Fishbein, 1980; Beck & Ajzen, 1991). From extant literature, Hite and Roberts (1992) classified tax attitude into two: affective attitude - perceived fairness by the individual. Affective attitude usually thrives on the emotions or sense of

guilt by the individual towards a behaviour. Instrumental attitude looks at the potential financial gain for engaging in a behaviour (Baldry,1987), perceived trust in authorities (Torgler, 2005), and apparent impartiality of the tax structure (Zainan, Noor, Omar, Aziz & Sanusi, 2017). Instrumental task of attitude offers the all-out benefits and the least costs to the person. Attitude that offer individuals with more rewards than punishments is described as instrumental. These attitudes are dependent on features of the attitude object and thus the contributory function is highly similar to Fischbein's learning theory of attitudes. It is also referred to as utilitarian function of attitudes or adjustive function of attitudes. Using the ETPB as a theoretical underpinning for this study, attitude is perceived a relevant predictor of people's intention.

2.5.2.2 Subjective Norms/Social Pressure and Tax Compliance Intention

Subjective norms denote “the perceived social pressure to perform or not to perform the behaviour” in question (Ajzen, 1991). Stated differently, subjective norms specify the effect that the thoughts of other prominent people in an individual's life have on the choices made by that person. The subjective norms (a person's discernment of significant others' beliefs that he or she should not carry out the behaviour) covering the performance of the behaviour, and the person's discernment of their control over the behaviour. This denotes the conviction as to whether significant others think the behaviour would be performed. In addition, Ajzen (1991) opine that subjective norms are the stimulus of referent others.

Persons or groups such as peers, co-workers, family, friends, competitors and role models may have an impact on the decision-making of others based on how they recognise the behaviour, whether or not they would certify it, and to what extent persons are interested

to adapt to their views (Beck & Ajzen, 1991). Similarly, Scholz, McGraw, & Steenbergen (1992) looking at descriptive aspect of subjective norms, agreed that person's commitment change to tax compliance is reasonably influenced by the opinion of others. Kirchler et al. (2008) argue that taxpayers would mostly not comply if they observe that tax defiance is supported by their referent group. Therefore, drawing on the ETPB in undertaking this research, subjective norms have significant influence in predicting compliance intention.

2.5.2.3 Perceived Behavioural Control (PBC) and Tax Compliance Intention

This refers to the amount of control a person identifies he or she may possess to participate in specific behaviour (Ajzen, 1991). Thus, the extent to which a behaviour is performed depends on how easy or difficult the individual perceives it. It increases when individuals perceive they have more resources and confidence (Hartwick & Barki, 1994; Lee & Kozar, 2005). The necessary determinant for perceived behavioural control is an individual's confidence regarding the reality of resources and prospects in addition to hurdles to involve in the behaviour. People's intention to involve in a behaviour is certain when they expect a great perceived behavioural control (Ajzen, 1991).

Carnes and Englebrecht (1995) reported that the thought of being caught or risk of detection has a huge impact on people's compliance intentions. Bobek and Hatfield (2003) asserts that perceived behavioural control entails how much control an individual believes he or she may have to carry out specific behaviour. For instance, understating income, overstating deductions and falsifying records. Again, individuals with low perceived behavioural control (great difficulty and obstacles) are less likely to engage in tax non-compliance. On the contrary, folks with high perceived behavioural control (perceived

ease) are most expected to involve in tax compliance. This study draws on the variables of the ETPB and hence predict that tax compliance intention of individual taxpayers is determined by the perceived control available to him or her in a particular jurisdiction.

2.5.2.4 Moral obligation (MO) and Tax Compliance Intention

The quest to understand the behaviour of humans is quite difficult when ethical factors are ignored (Molero & Pujol, 2012). “Moral obligation is a duty that one believes he or she may have due to their considerations of right or wrong” (Ajzen, 1991). Ajzen (1991) asserts that in handling uprightly delicate condition, heed should be given to an individuals’ feelings regarding the honourable duty to either perform or not to perform a specific behaviour. It is a duty arising out of just motives, or simply careful duty, distinct from any lawful responsibility, flawless or flawed, or with acknowledgement of benefit by the promisor. It is principally about how personally accountable a person feels concerning others. Developing an extended version of the theory of planned behaviour, Beck and Ajzen (1991) added moral obligation as an antecedent of predicting intentions. This extension further increased the predictive value of the model.

Reckers, Sanders, and Roark (1994) recognise that tax evasion is simply one of the many decisions that individuals make throughout life that evoke ethical beliefs, and failure to consider the possible consequences of moral beliefs could lead to confounding results. They further revealed that moral obligation predicts tax evasion, hence if a behaviour is considered immoral, then it will not be engaged in. Empirical studies posit that moral obligation corroborates an individual’s intention to involve in tax compliance or non-compliance (Owusu et al., 2019; Culiberg, 2018; Alleyne & Harris, 2017). Similarly,

researches posit that a person who owns a greater wisdom of moral duty, sees non-compliance as a not to involve activity. This study thus, relies on the ETPB variables that tax compliance intention is determined by individual taxpayers' disposition of right or wrong to engage in a behaviour.

This study extends the ETPB variables to include perceived tax complexity and antecedent-based intervention strategies as the main constructs of the study to measure compliance intention among the self-employed in Ghana. The research also introduces trust as a control variable for all the variables excluding antecedent-based intervention strategies in prediction strength of the relationship between the controlled variables and self-employed individuals tax compliance intention to ensure reliability and validity of the measurement model. Furthermore, all the variables are conceptualised into a framework and discussed.

2.6 Conceptual Framework

This section discusses how the test of relationship examined in this study is conceptualised into the framework below. The framework shows that intention is influenced by seven independent variables: attitude, subjective norm, perceived behavioural control, moral obligation, perceived tax complexity, trust and antecedent-based intervention strategies which are discussed below:

2.6.1 Attitude and Tax Compliance Intention

Attitude refers to the evaluation or assessment of the favourableness or unfavourableness of an object to be acted upon (Beck & Ajzen,1991). A person's attitude towards tax will have an effect on tax compliance. Empirically, attitude is found to have a significant

influence on tax compliance behaviour (Abdul-Razak & Adafula, 2013; Sadress et al., 2019). Individuals with more favourable attitude towards tax are highly expected to involve in tax compliance and the reverse is true for unfavorable attitude towards tax compliance (Appah & Wosowei, 2016), and hence in the tax discourse, attitude towards a behaviour is a significant predictor of an individual's tax compliance intention (Owusu et al., 2019; Alleyne & Harris, 2017).

2.6.2 Subjective norms and Tax Compliance Intention

Subjective norm denotes the perceived social pressure to perform or not to perform a behaviour in question. Ajzen (1991) posits that subjective norms indicate the effect other prominent people have on the choices made by a person or the stimulus of referent others on individuals. Persons or groups such as peers, co-workers, family, friends, competitors and role models may have an impact on the decision-making of individuals. This impact is based on how these significant others recognise the behaviour and whether or not they will certify it. Taking into consideration the extent to which persons are interested to adapt the divergent views of notable people indicate the level to which they can be influenced (Beck & Ajzen, 1991). For instance, the perceived confirmation or otherwise that an important person attaches to a specific behaviour will influence an individual to either adapt or not to adapt such a behaviour

Arguably, a person's commitment to tax compliance is reasonably influenced by the opinion of others and hence, taxpayers will mostly not comply if they observe that tax defiance is supported by their referent group (Kirchler, Hoelzl, & Wahl, 2008). Prior studies establish a helpful relationship between perceived subjective norms and intention

to involve in tax evasion (Owusu et al., 2019; Alleyne & Harris, 2017). Specifically, extant literature has found that individual's intention to involve in tax compliance is highly influenced by social norms (Jimenez & Iyer, 2016; Appah & Wosowei, 2016). Largely, individuals who remark that significant others approve of tax compliance are more likely to indulge in that behaviour.

2.6.3 Perceived Behavioural Control and Tax Compliance Intention

Perceived behavioural control which is the perceive amount of control a person identifies he or she may possess to partake in specific behaviour influences the intention to engage in that behaviour (Ajzen, 1991; Beck & Ajzen, 1991). Predominantly, the extent to which a behaviour is performed depends on how easy or difficult the individual perceives engaging in a behaviour and this perception has an effect on the individual's intention to involve in that behaviour. For example, tax compliance intentions increase when individuals believe they have more resources at their disposal (Lee & Kozar, 2005).

The necessary determinant for perceived behavioural control is an individual's confidence regarding the reality of resources and prospects in addition to hurdles to involve in the behaviour. People's intention to involve in a behaviour is certain when they expect a great perceived behavioural control (Alleyne & Harris, 2017). Conversely, individuals with low perceived behavioural control (great difficulty and obstacles) are less likely to engage in tax non-compliance (Alleyne & Harris, 2017) and hence, the risk of detection has a huge impact on people's tax compliance preferences. Owusu et al., (2019) settle that individuals with low perceived behavioural control have less stimulus to engage in tax non-compliance.

2.6.4 Moral Obligation (MO) and Tax Compliance Intention

The quest to understand the behaviour of human is quite difficult when ethical factors are ignored (Molero & Pujol, 2012). Ajzen (1991) asserts that in handling uprightly delicate condition, heed should be given to an individuals' feelings regarding the honorable duty to either perform or not to perform a specific behaviour. Moral obligation is described principally as how accountable a person feels concerning others (Bobek & Hatfield, 2003), a duty arising out of just motives, or simply careful duty, distinct from any lawful responsibility, flawless or flawed, or with acknowledgement of benefit by the promisor. Against this background, Beck and Ajzen (1991) include moral obligation as an antecedent for predicting intention which is key in increasing the predictive value of the theory of planned behaviour. However, (McGee, 1999) posits that individuals owe no moral duty to compensate for taxes. Empirically, most studies found that an individual with greater wisdom of moral duty is less likely to be non-compliant (Culiberg, 2018; Alleyne & Harris, 2017). Specifically, Riahi-Belkaoui (2004) summarizes that individual's perception of moral obligation influences intention to engage in tax compliance.

2.6.5 Perceived Tax Complexity and Tax Compliance Intention

Perceived tax complexity which is the certainty of minimizing individual's non-compliance behaviour depends much on the simplification of tax laws and procedures (Saad, 2014). The perceived tax complexity is a key variable that influences tax compliance behaviour and may be the genesis of tax avoidance (Sapiei & Kasipillai, 2013). Also, the hourly duration required to pay taxes in Africa is 20% higher than the global average (PWC, 2014). The perceived simplicity or cumbersomeness of tax laws is reflected in an individual's motive to engage in tax compliance behaviour. Doran (2009) highlights that

tax complexity and compliance behaviour are absolutely related and thus, the unsimplistic and tedious nature of tax laws makes it cumbersome for taxpayers to comprehend, therefore, leading to non-compliance behaviour.

Jayawardane & Low (2017) conclude that complexity of the tax system contributes to non-compliance by way of; excess filing time - as most taxpayers depend on tax experts thereby bearing the associated cost to comply, ambiguity - leaving most individuals ignorant about the applicable rates used and how their taxes are calculated. Tax avoidance is facilitated by enabling knowledgeable individuals to reduce their tax liabilities and getting the advantage to commit tax fraud which weakens trust in the system by creating an impression that many individuals are non-compliant, thereby reducing the motivations that honest individuals feel to comply. Hence, individuals who perceive tax filing, reporting and payment to be cumbersome are more likely to engage in tax non-compliance behaviour and vice versa.

2.6.6 Antecedent-Based Intervention Strategies and Tax Compliance Intention

Antecedent-based intervention strategy which is a common social and psychological behavioural pattern that individuals with intellectual and non-intellectual abilities alike exhibit regarding their tax compliance intention (Lip Schultz & Wilder, 2017). The importance a person attaches to particular behavioural misdemeanours motivate the intention to be tax compliant. Kirchler and Wahl (2010) note that tax compliance behaviour could be formed based on the underlying intention emanating from the interaction between taxpayers and authorities which leads to either a 'well-accepted duty' (voluntary compliance) or an 'onerous duty' (enforced tax compliance). Consequently, the doubtfulness inherent in the tax system makes tax payment a game unintended by many

persons such that the indecision characterising the tax arrangement makes paying taxes compatible to gamble by many taxpayers (Langham et al., 2012), and hence some taxpayers bet on the vagueness of the law and deliberately under-report their incomes. At the other end of the spectrum, others pay more than they owe resulting in overcompensation for any possible misdemeanours. In between these two extremes exist a great variety of taxpayer behaviour patterns.

Extant literature has documented some behavioural patterns to include opening new communication channels, leveraging the power of social recognition (OECD, 2008), considering citizen's opinion, third-party reporting and cross-check, assistance services for compliance with tax obligation (WBG, 2019), frequent visit to clients, and adjustment to economic, social context and new needs of citizens (IMF, 2015). From a cognitive perspective, interventions emphasize the teaching of individuals to monitor and manage their own thoughts, feelings and behaviours. Therefore, persons who attach great importance to behavioural misdemeanours are more likely to be tax compliant.

2.6.7 Trust and Tax Compliance Intention

Trust is a well thought-out key attitudinal variable that shapes tax drive among the populace (Mohseni & Sreeniyasan, 2014). Defined as the apparent susceptibility of persons due to the dealings of others behaviour based on their ability, kindness and honesty (Guo, Wang, & Wang, 2012), or a special quality of relations for instance connected partners ascribe each other positive aspect and inner motivation to keep the relationship (Eberl, 2003). Trust simply refers to the believe that someone is safe and reliable or someone is good and honest and will not harm you. Trust can be seen as a legal arrangement whereby influence is

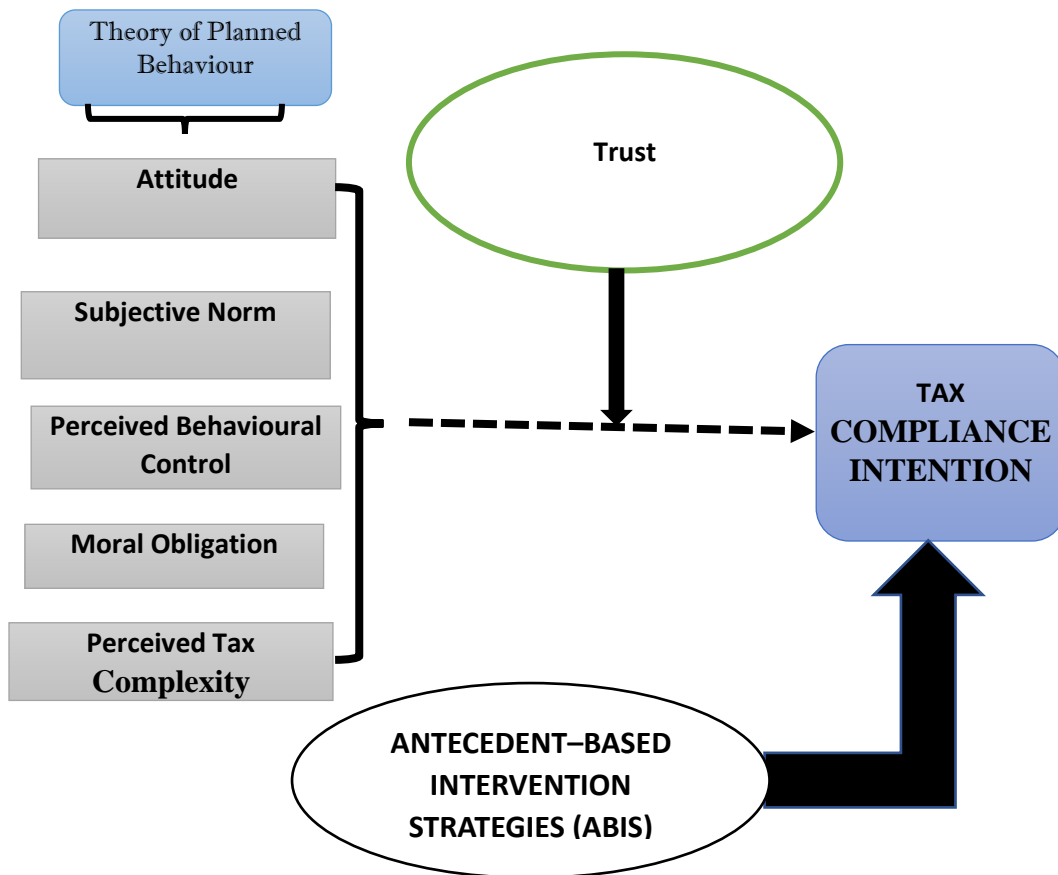
exercise by a person or entity or control money and properties for another individual or entity (Cambridge Dictionary, 2016). Trust in the authority and system relates to the general perception by a social group or individual that the tax authorities are working beneficially and generously for the common good (Kirchler & Wahl, 2010).

From extant literature, trust in the authority and system positively relates to tax compliance (Torgler, 2003; Torgler, & Schneider, 2005). Voluntary tax compliance as well as trust in the government and system for individual, the group, or society at large will increase when tax authorities treat taxpayers in a responsible and respectful manner (Kirchler, 2007). Usually, a synergistic tax environment is created due to the trust between a taxpayer and the tax authority, and this synergistic environment asserts a mutual trust between the two parties (that is, tax authority and taxpayer. In this synergistic environment, the tax authority has assurance that taxpayers honestly pay their taxes due, and, as a result of the mutual trust, the tax authority treat taxpayers with respect and humility then, taxpayers comply by paying their taxes when due (Kirchler & Wahl, 2010). The mutual relationship and respect accorded the taxpayers, and understanding of how they are being treated by tax authorities will influence their loyalty and enthusiasm with compliance, and in turn, pay their taxes honestly. This process is called a psychological contract (Ya'u, & Saad, 2018).

The significant role of trust in the tax system and authorities cannot be over emphasised as it encourages the willingness and cooperation of taxpayers to pay their taxes (Lavoie, 2008), owing to lack of direct contact between the tax authority and taxpayers (Chai, Ndubisi & Uchenna, 2011; Prichard, 2016). Robbins (2016), identified five key dimensions

of trust to include integrity (truthfulness and honesty), competency (interpersonal and technical skills and knowledge a particular leader may have), consistency (individual predictability, reliability and good judgment in tackling a situation), loyalty (faithfulness or devotion to someone or some persons and advocates for their success) and openness (the ability of a person or leader to give you the whole truth). Notwithstanding, the aforementioned dimensions tend to be relevant in the study, this is because the study uses trust as moderating variable and citizens can only develop sense of trust when it is evident that the tax authorities or government and system poses almost all the dimensions. The factors discussed above are conceptualised into the framework below.

Figure 2.2: Conceptual Framework



Source: Author, 2020

Notes: Tax Compliance Intention and Intervention Model

2.7 Hypotheses Development

This section discusses the hypotheses developed and how they intend to answer the research questions in line with the conceptual framework. Also, the hypotheses test the extent to which the data support the measurement model. From literature, the study tests the following main hypotheses:

H1: Attitude and Tax Compliance Intention

Attitudes are the overall evaluation of the behaviour by the individual (Ferdous, 2010). Persons who attach favourableness to compliance are expected to exhibit it. Prior researches have shown a substantial positive relationship between attitude and tax compliance behaviour (Trivedi, Shehata, & Mestelman, 2005; Kirchler, Hoelzl, & Wahl, 2008). Taxpayers' attitudinal dispositions towards tax evasion are meaningfully linked to their compliance as espoused by Abdul-Razak & Adafula (2013); Alabede, Ariffin, & Idris (2011).

Bobek and Hatfield (2003) further find that attitudes influence tax compliance. This means that taxpayers with awkward attitude towards tax compliance (poor attitudes) are not expected to involve in tax compliance. Relatively, Owusu et al., (2019); Alleyne and Harris (2017) found attitude toward a behaviour to be a useful predictor of a person's intention to engage in tax evasion. These studies seriously maintain that tax compliance would be executed when the person attaches favourableness to it. Conversely, a persons' unfavourableness in attitude towards tax compliance deter them from engaging in it hence voluntary compliance. This study draws that the intention of individuals on compliance is determined by their attitude. This study therefore hypothesised;

H1: Attitude positively relates to tax compliance intention.

H2: Subjective norms and Tax Compliance Intention

Subjective norms denote the perceived social pressure to perform or not to perform the behaviour in question (Ajzen, 1991). Past, studies have established a significant relationship between perceived subjective norms (referent others) and tax compliance (Bobek & Hatfield, 2003; Richardson, 2006; Tsakumis, Curatola, & Porcano, 2007). Specifically, extant literature has found that personal norms of tax compliance intention of persons is highly influenced by social norms (Hasan, Mohammed & Alam, 2017; Jimenez & Iyer, 2016).

Therefore, these researchers uphold that taxpayers who remark that significant others approve of tax compliance, are more prospective to engage in the behaviour. Also, where significant others disapprove of tax noncompliance behaviour, taxpayers are more discouraged to involve in noncompliance. This study therefore draws on the ETPB that individual's compliance intention will be influenced by prominent individuals either directly or indirectly. Thus, the decision of a person's involvement in an action is apparently affected by the support or no support offered by prominent societal members.

This study hypothesised;

H2: Subjective norms positively relates to tax compliance intention.

H3: Perceived Behavioural Control and Tax Compliance Intention

This expresses the amount of control a person identifies he or she may possess to participate in specific behaviour (Ajzen, 1991). From past research, opportunity is seen as a very essential determinant of non-compliance and tax evasion (Carnes & Englebrecht, 1995;

Antonides & Robben, 1995; Robben, Webley, Weigel, Wärneryd, Kinsey, Hessing, & Long, 1990; Alleyne & Harris, 2017) as cited in Owusu et al., 2019). This entails the margin of a person's control to exhibit a behaviour for instance understating income, overstating deductions and falsifying records. In the absence of control, the person has no motivation to get involve in the behaviour (Bobek & Hatfield, 2003). This study hypothesised;

H3: Perceived behavioural control positively relates to tax compliance intention.

H4: Moral Obligation and Tax Compliance Intention

This is a duty owned by a person due to their considerations of right or wrong (Ajzen, 1999). It is a duty arising out of just motives, or simply, careful duty, distinct from any lawful responsibility, flawless or flawed, or with acknowledgement of benefit by the promisor. It is principally about how personally accountable a person feels concerning others. Existing literature posits that a person who owns a greater wisdom of moral duty, sees non-compliance as a not to involve activity. Conversely, taxpayers in Armenia are generally of the view that they owe no moral duty to compensate for taxes (McGee, 1999). Specifically, Bobek and Hatfield (2003) and Riahi-Belkaoui (2004) maintain from extant literature that perceptions of moral obligation influence tax compliance intentions of individuals. This study hypothesised;

H4: Moral obligation positively relates to tax compliance intention.

H5: Perceived Tax Complexity and Tax Compliance Intention

The certainty of minimizing tax non-compliance among taxpayers depends much on the simplification of tax laws and procedures (Pope, 1993). Tax complexity is one of the major taxpayers' variable that influences tax compliance behaviour and may be the genesis of tax

avoidance (Isa, 2012; Sapiei & Kasipillai, 2013). In understanding the phenomenon, Doran (2009) highlights that tax complexity and compliance behaviour are absolutely related. In this light Loo, McKerchar, and Hansford (2010) also opine that the unsimplistic and tedious nature of tax laws makes it cumbersome for taxpayers to comprehend, therefore, leading to non-compliance behaviour.

According to Sapiei (2012), the tax complexities make taxpayers depend on tax expert professionals and borne the associated cost. Alternatively, Massarrat-Mashhadi and Sielaff (2012) are of the opinion that taxpayers do not understand tax complexity. The degree to which the tax law and content is apparently seen to be difficult to understand contribute hugely to the compliance behaviour people portray. Averagely, filing, reporting and paying taxes in Africa and for sure Ghana is very burdensome. In essence, the hourly duration required to pay taxes in Africa is 20% higher than the global average (PWC, 2014). There when the processes of filing, reporting and payment are simple, people are more likely to comply or vice versa. This study hypothesised;

H5: Perceived tax complexity negatively relates to tax compliance intention.

H6: Antecedent-based Intervention Strategies and Tax Compliance Intention

Antecedent-based intervention strategy which is a common social and psychological behavioural pattern that individuals with intellectual and non-intellectual abilities alike exhibit regarding their tax compliance intention (Lip Schultz & Wilder, 2017). The importance a person attaches to particular behavioural misdemeanours motivate the intention to be tax compliant. Kirchler and Wahl (2010) note that tax compliance behaviour could be formed based on the underlying intention emanating from the interaction between

taxpayers and authorities which leads to either a ‘well-accepted duty’ (voluntary compliance) or an ‘onerous duty’ (enforced tax compliance). Consequently, the doubtfulness inherent in the tax system makes tax payment a game unintended by many persons such that the indecision characterising the tax arrangement makes paying taxes compatible to gamble by many taxpayers (Langham, et al., 2012), and hence some taxpayers bet on the vagueness of the law and deliberately under-report their incomes. At the other end of the spectrum, others pay more than they owe resulting in overcompensation for any possible misdemeanours. In between these two extremes exist a great variety of taxpayer behaviour patterns.

Extant literature has documented some behavioural patterns to include opening new communication channels, leveraging the power of social recognition (OECD, 2008), considering citizen’s opinion, third-party reporting and cross-check, assistance services for compliance with tax obligation (WBG, 2019), frequent visit to clients, and adjustment to economic, social context and new needs of citizens (IMF, 2015). Notwithstanding, prevailing theories have failed in clarifying the intricacies of taxpayer intent and hence unable to create a valuable stage for agencies to impact and reassure deliberate compliance (Langham et al., 2012). From a cognitive perspective, interventions emphasize the teaching of individuals to monitor and manage their own thoughts, feelings and behaviours. Individuals who attach great importance to behavioural misdemeanours are likely to be tax compliant and vice versa. This study hypothesised;

H6: Antecedent-based intervention strategies positively relate to tax compliance intention.

2.7.1 Moderating Role of Trust on the Relationship between the Determinants and Tax Compliance Intention

Trust is a well thought-out key attitudinal variable that shapes tax drive among the populace (Mohseni & Sreeniyasan, 2014). Defined as the apparent susceptibility of persons due to the dealings of others behaviour based on their ability, kindness and honesty (Guo, Wang, & Wang, 2012), or a special quality of relations for instance connected partners ascribe each other positive aspect and inner motivation to keep the relationship (Eberl, 2003). Trust simply refers to the believe that someone is safe and reliable or someone is good and honest and will not harm you. Trust can be seen as a legal arrangement whereby influence is exercise by a person or entity or control money and properties for another individual or entity (Cambridge Dictionary, 2016). Trust in the authority and system relates to the general perception by a social group or individual that the tax authorities are working beneficially and generously for the common good (Kirchler & Wahl, 2010).

From extant literature, trust in the authority and system positively relates to tax compliance (Torgler, 2003; Torgler, & Schneider, 2005). Voluntary tax compliance as well as trust in the government and system for individual, the group, or society at large will increase when tax authorities treat taxpayers in a responsible and respectful manner (Kirchler, 2007). Usually, a synergistic tax environment is created due to the trust between a taxpayer and the tax authority, and this synergistic environment asserts a mutual trust between the two parties (that is, tax authority and taxpayer. In this synergistic environment, the tax authority has assurance that taxpayers honestly pay their taxes due, and, as a result of the mutual trust, the tax authority treat taxpayers with respect and humility then, taxpayers comply by

paying their taxes when due (Kirchler & Wahl, 2010). The mutual relationship and respect accorded the taxpayers, and understanding of how they are being treated by tax authorities will influence their loyalty and enthusiasm with compliance, and in turn, pay their taxes honestly. This process is called a psychological contract (Ya'u, & Saad, 2018).

The significant role of trust in the tax system and authorities cannot be over emphasised as it encourages the willingness and cooperation of taxpayers to pay their taxes (Lavoie, 2008), owing to lack of direct contact between the tax authority and taxpayers (Chai, Ndubisi & Uchenna, 2011; Prichard, 2016). Robbins (2016), identified five key dimensions of trust to include integrity (truthfulness and honesty), competency (interpersonal and technical skills and knowledge a particular leader may have), consistency (individual predictability, reliability and good judgment in tackling a situation), loyalty (faithfulness or devotion to someone or some persons and advocates for their success) and openness (the ability of a person or leader to give you the whole truth). Notwithstanding, the aforementioned dimensions tend to be relevant in the study, this is because the study uses trust as moderating variable and citizens can only develop sense of trust when it is evident that the tax authorities or government and system poses almost all the dimensions.

Trust has been investigated in extant literature from societal and philosophical viewpoints (Olsen, 2008), and hence, in the presence of trust, 'tax morale' which is defined as capturing non-monetary motivations for tax compliance (Luttmer & Singhal, 2014), will enhance taxpayers compliance intention. Specifically, some studies found positive relationship between trust and tax compliance (Luttmer & Singhal, 2014). However, the

uncertainty, mixed and less attention in prior literature on self-employed individuals tax compliance warrants further investigation. Baron and Kenny (1986) posit that in the domain of inconclusive outcomes, moderating variables should be integrated in the model to stimulate the relationship. This study therefore examines the moderating effect of trust on the relationship between attitudes, subjective norms, perceived behavioural control, moral obligation and perceived tax complexity on tax compliance intention. In the past, the relationship between trust and voluntary tax compliance have been studied by several scholars. Murphy (2004) found a positive relationship between trust in government and tax compliance. Similarly, Richardson (2008) found that trust is positively related to tax compliance in a comparison of 47 countries. Again, Wahl, Kastlunger, and Kirchler (2010) found that trust in government is positively related to tax compliance using a series of experiments on students in Australia. Based on these findings we hypothesize that:

H7: Trust positively relates to tax compliance intention.

H8: Trust moderates the effect of attitudes on tax compliance intention.

H9: Trust moderates the effect of subjective norms on tax compliance intention.

H10: Trust moderates the effect of perceived behavioural control on tax compliance intention.

H11: Trust moderates the effect of moral obligation on tax compliance intention.

H12: Trust moderates the effect of perceived tax complexity on tax compliance intention.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the process, models and techniques adopted throughout the study to achieve the research objectives. The chapter describes the philosophical assumptions, research design, population, sample and sampling procedure, data source and data collection methods and data analysis techniques.

3.2 Research Philosophy and Paradigm

A research paradigm has been defined by Guba and Lincoln (1994, Pp. 107) as “a basic set of beliefs or worldview that guides research action or an investigation”. This worldview is the viewpoint from which the researcher provides explanation of the process of investigation. Several paradigms have emerged including Pragmatism, Critical Realist, Advocacy, Positivism, Interpretive Realism (Creswell, 2013; Mingers, 2006; Molis, 2008; Saunders, Lewis, & Thornhill, 2016). Each of these paradigms are guided by four components explained by Guba and Lincoln (1994) as the ontology which talks about what reality is; epistemology which defines how we know something; axiology meaning relationships between human beings and their environment; and finally, the methodology which prescribes how we must go about finding out the reality. The two most dominant paradigms which are used the business studies are the positivist and interpretivist paradigms.

3.2.1 Positivist Paradigm

The positivist paradigm expresses a worldview to research, which is substantiated in scientific method of investigation. It is used to examine basis and consequence linkage in nature. “It is the preferred worldview for research, which interprets observations in terms of facts or entities that are measurable” (Fadhel, 2002). The positivist paradigm of research has the ontology that there is a single and objective reality; positivists also believe that in terms of epistemology, knowledge generated is exterior and free of individuals’ explanations of it; in terms of methodology, positivists believe that science is the most valid approach to carry out a research and follows a quantitative research methodology (Creswell, 2009; Saunders, Lewis & Thornhill, 2009).

Research positioned in the positivist paradigm are quantitative in nature and depends on deductive reasoning, hypotheses design and testing to derive decisions. Thus, explanations and predictions are made centered on assessable results. These assessable results are undergirded by four assumptions clarified by Cohen, Manion and Morrison (2000), as determinism, empiricism, parsimony and generalisability. First, determinism means that the events we observe are caused by other factors. The second assumption of empiricism means that the proper investigation of research problem requires the collection of verifiable empirical data which supports the theoretical framework chosen for the research and enables the testing of formulated hypotheses. Third, in assuming parsimony, the positivist paradigm refers to the researcher’s attempts to explain the phenomenon under study in the most economical way possible. Finally, the generalisability assumptions states that the

research results obtained within the positivist paradigm, in one context, should be applicable to other situations by inductive inferences.

3.2.2 Interpretivist Paradigm

Alternatively, the interpretivist paradigm holds the assumption that researchers are allowed to develop subjective meanings from individual's experiences towards certain issues in order to understand a certain phenomenon (Creswell, 2009). The bedrock of this research paradigm is qualitative approach; the researcher is directly involved in the study object hence, the researcher's ability to construe the import of themes attached to the occurrence is important. The interdependence and shared contact of the investigator and his respondents is key (Hudson & Ozanne, 1988). Distinct from the positivists, the interpretivists avoid rigid structural framework and embrace personal and flexible research arrangements to what is apparently described as reality (Carson, Gilmore, Perry, & Gronhaug, 2001).

Subjectivist epistemology, relativist ontology, a naturalist methodology and balanced axiology are the tenets of this paradigm. Subjectivist epistemology means that researchers make sense of their data collected from participant using their own discernment. According to Chalmers, Manley & Wasserman (2005), relativist ontology assumption expresses the believe that there are multiple realities about a study occurrence. The naturalist methodology assumption means the researcher utilises data collected by means of interviews, dialogues, observations among others where the investigator acts as a participant spectator (Carr & Kemmis, 1986). Finally, the balanced axiology denotes the

study results reveal the beliefs of the investigator, and attempts to present a well-adjusted report of the outcomes.

Based on the discussion of the two main paradigms (positivist and interpretivist), this study subscribes to the positivist paradigm and employs a quantitative approach and tools which seeks to generalise findings through hypotheses formulation on the determinants of individual taxpayers' compliance intentions among the self-employed in Ghana.

3.3 Research Design

A research design involves the general strategies adopted by the investigator to address the intents of the study. The study in a way combines importance of the research drive with low-cost in procedure such that the choice of techniques to collect and analyse data are embedded (Jahoda, Deutch & Cook, 1986). The application of a fitting research plan is contingent on the nature of the research, either as quantitative, qualitative or mixed. The qualitative research is exploratory in nature primarily. It offers understanding into the problem or helps to develop ideas or hypotheses for a possible quantitative research. Qualitative research involves different data collection methods such as unstructured or semi-structured questionnaire, mainly include focus groups, individual interview and participation.

Sample size used for qualitative research involve very few people and interviewees are carefully chosen to fulfill a given proportion. Compare to the mixed method of research, it combines the qualitative and quantitative research techniques and ideas into a unit of study.

It is an effort to adopt several methodologies in responding to research problems, instead of hampering the investigator's choice. The outcome of the results is usually held superior to any one method of study. This study seeks to examine the issues that influence individuals tax compliance intention. It seeks to identify the socio-economic and psychological factors which when properly implemented would encourage voluntary tax compliance. In a broader context of social sciences research, there are two distinct philosophical paradigms namely: positivism and interpretivism.

In the positivist approach, the social world is viewed objectively by the researcher and confirmed only by empirical means through a systematic process (McKercher, 2010). Therefore, the research uses the deductive approach of reasoning which is quantitatively underpinned and confirms the positivists belief of objectivity. Therefore, knowledge is developed through experiments and survey designs, data collection, analysis and hypotheses testing (Cooper & Schindler, 2011; Creswell, 2014). According to Istijanto (2009), causal research is one whose main purpose is to test the causal relationship or influence relationship among variables being tested.

3.4 Unit of Analysis

In a scientific research, a unit of investigation can be seen as the key unit being analysed after data is gathered about it. The determination of unit of analysis is a pivotal role in any research. It is the subject of the study that the researcher may generalise. There are three levels on which analysis are made in research: firm level, country level and individual level. This study specifically looks at the elements that influence tax compliance intention of

individual taxpayers in the informal sector. Since the object of study is the individual in the informal sector setting, the unit of analysis is at the individual level.

3.5 Study Population and Sample Selection

A study population is the accumulation of elements from which a sample is carefully chosen (Babbie, 2005). Also, Hair (2011) posits that the population of a study denotes a complete group of objects or elements which are relevant to the research. In defining the target population, it is important to take into account an understanding of the research topic of interest, access to the elements (individual and firm), availability of elements and time frame. This is crucial because the population has the information the research has been designed to collect. The target population for this study include all self-employed individuals (sole proprietorships) in Ghana who work across all sectors that are registered or unregistered. The taxpayers were drawn from the informal sector basically consisting of the self-employed without employees and self-employed with employees less than six or not more than 30.

It is believed that most individuals within the informal sector in Ghana are self-employed without employees, whose demographic characteristics need to be examined from a provisional assessment perspective since they belong to the small tax category (STO). Also, all individual self-employed persons or establishments in Ghana are more homogeneous within sectors and quite heterogeneous across sectors (NBSSI, 2014; Opong, Owiredu, & Churchill, 2014), hence a sample from any part of the country would be a perfect representation for generalisation. There are two categories of sole proprietorship

establishments. There are micro establishments which employ 1-5 persons and small establishments which employ 6-30 (GSS, 2018). The table below gives a break-down of self-employed individuals as the study population on regional basis which guided the sample selection.

Table 3.1 Regional Breakdown of Sole Proprietorship Establishments in Ghana

Region	Micro- sized	Small-sized	Number	Percentage (%)
Western	49,883	12,429	62,312	9.95
Central	42,664	9,679	52,343	8.36
Greater Accra	142,221	29,234	171,455	27.37
Volta	34,138	7,561	41,699	6.66
Eastern	47,687	10,351	58,038	9.26
Ashanti	101,041	20,901	121,942	19.47
Brong Ahafo	38, 679	9,980	48,659	7.77
Northern	29,753	9,811	39,564	6.32
Upper East	12,367	4,431	16,798	2.68
Upper West	10,620	2,952	13,752	2.19
Total	509,053	117,329	626,382	100

Source: Adapted from Integrated Business Establishment Survey II, 2014

3.6 Sampling Technique and Sample Size

This has been explained as the procedure employed in selecting subset of randomised number of members of the population of a study and data collection about their attributes (Panneerselvam, 2009). Sampling makes the research more accurate and ensures economy of its conduct. The sampling method used in the research decides whether the outcomes

can be generalised to the entire populace or not. There are two broad categories of sampling methods – probability and non-probability. With probability sampling, members (or elements) of the population being studied have the same opportunities of being selected (Panneerselvam, 2009); whereas individuals in the population do not have equal chance of being selected for non-probability sampling (Panneerselvam, 2009).

Probability samples are centered on simple random sampling, systematic sampling, stratified sampling, cluster/area sampling whereas non-probability samples are those centered on suitability sampling, judgement sampling and quota sampling techniques. The study population were self-employed individuals in; service sector, agriculture related sector and other sectors in order not to bias representation of the self-employed across sectors in the informal sector.

Specifically, the stratified random sampling technique has been adopted based on the objectives of this study. With stratification, the entire heterogeneous population is divided into a number of homogeneous groups, usually called strata, each of these groups is homogeneous within itself, and then units are sampled at random from each of these strata. Strata or subgroup are chosen because evidence is available that they are related to outcome. The selection of strata varies by area and local condition. In stratified sample, the sampling error depends on the population variance within stratum but not between the strata. This sampling technique has the advantage of ensuring that every stratum is adequately represented. Thus, strata are formed based on members shared attributes or

characteristics. It enables the researcher to draw a sample representing different divisions of the population to any desired extent.

The study engaged respondents across the entire country in order to avoid the gap or bias of over concentration on engaging respondents from regions that are described as economically developed (IBES II, 2014). Considering this survey study on the tax compliance intention of self-employed individuals in Ghana from a provisional assessment perspective, the researcher adapted Yamane (1967) survey formula in determining the sample size that would be appropriate for making a generalisation. The formula has been stated as:

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

Where, n = the sample size

N = the size of population (self-employed individuals in Ghana)

e = the error (which depend on the required confidence level set by the researcher

$$n = \frac{626,382}{1 + 626,382 (0.05)^2} = 400$$

Therefore, a sample size of 400 is appropriate for making generalisation but this study engaged 750 respondents as the sample.

3.6.1 Determination of Strata

The researcher's decision in strata determination is informed by the statistics showing the distribution of the self-employed from 2009-2019 in the informal sector where 80% of people are employed across all sectors in rural and urban settings. In effect, most of the people that are engaged in agriculture in the rural areas provide intermediary services (GSS 2008; Koto, 2015), and hence most of the self-employed are service providers. It is

therefore prudent to sample a lot of respondents from the service sector which include commerce.

$$\text{Service} = (750 \times 82.6\%) = 619.5$$

$$\text{Agriculture} = (750 \times 15.4\%) = 115.5$$

$$\text{Other} = (750 \times 2\%) = 15$$

Table 3.2 Strata Formulation

Subsector	Determination	Number
Service:		
Distributive trades (Sales workers, Craft and related trade workers)	$(750 \times 82.6\% \times 30\%)$	186
Food and Accommodation	$(750 \times 82.6\% \times 20\%)$	124
Alcohol and Beverages	$(750 \times 82.6\% \times 30\%)$	186
Communication, Phones and Accessories	$(750 \times 82.6\% \times 10\%)$	62
Education	$(750 \times 82.6\% \times 10\%)$	62
Agriculture	$(750 \times 15.4\%)$	115
Others	(750×2)	15
Total		750

Source: Researchers' Own Calculation, 2020

3.7 Data and Data Sources

The purposes of this study warranted the use of primary data. Primary data is information collected from sources such as personal interviews, questionnaires or surveys with specific intention and a specific subject, observation and discussion by the researcher. Also, primary data is original data collected for a specific research goal using procedures that fit the research problem best. Methods used in collecting primary data include interviews, questionnaires, surveys, telephone and focus groups, but for the purpose of this study,

questionnaire was the main tool used in eliciting information from the respondents. If well-constructed and properly piloted, questionnaires can be used in future studies. One benefit of using questionnaire in the study is that it enables the researcher to reach out to large number of respondents.

3.7.1 Design of Questionnaire

The questionnaire had two (2) main sections namely; demographic characteristics of the respondents and the constructs (attitude, subjective norm, perceived behavioural control, moral obligation, perceived tax complexity, trust, and antecedent-based intervention strategies). The demographic section of the questionnaire was made up of seven sequential questions. These questions were based on the gender of the respondents, age, duration in business, educational level, nature of business, business registration and availability of TIN. The second section of the questionnaire was designed to coincide with the sequential order of the study objectives. Participants responded to all items on a 7-point Likert scale (1= 'strong disagreement (SD)' to 7= 'strong agreement (SA)' and (1= 'least important (LI)' to 7= 'most important (MI)'. The scale anchors of 1-7 (agreement and disagreement, least important and most important) is necessitated by the objective nature of the study indicators which limit respondents to much objectivity in their responses as possible as a result of the study approach adopted. Each question began with a preamble which was to guide the respondents on the meaning of the question and the appropriate response needed from them.

3.7.2 Measurement of Constructs

The measurement of the constructs was done by adopting and modifying some existing scales from prior studies to fit the objectives of this study. The constructs were measured

by a number of indicators; six indicators each measured Attitude and Subjective norms respectively, Perceived Behavioural Control was measured by five indicators, four indicators each measured Moral Obligation and Intention respectively using an instrument developed by Alleyne and Harris (2017). Similarly, Perceived Tax Complexity was measured by eight indicators using a scale developed by Saad (2014). Trust which plays a moderating role between the determinants and tax compliance intention was measured by twelve indicators adopting a scale developed by Ya'u and Saad (2018).

Finally, antecedent-based intervention strategies were measured by seven indicators using scales adapted from different works examined to include (opening new communication channels, leveraging the power of social recognition (OECD, 2008), considering citizen's opinion, third-party reporting and cross-check, assistance services for compliance with tax obligation (WBG, 2019), frequent visit to clients, and adjustment to economic, social context and new needs of citizens (IMF, 2015). Thus, measuring the different variables for each respondent is determined by the averages extracted from the analysis. Again, these scales are appropriate for behavioural studies and hence, predicting tax compliance intention from extant literature.

3.7.3 Pilot study

A pilot study was conducted in order to assess the validity of the instrument. Pre-testing of questionnaires aids in obtaining information to improve its content, format and sequence (Panneerselvam, 2009). On the backdrop of the above, the study was piloted using twenty (20) respondents outside the sample size. This exercise was mainly intended to test the degree of understanding, the meaning of the questions, and difficulty in understanding the

questions by the respondents. Again, the study checked whether the meaning of the questions was conveyed correctly, to check the relevance of the questions, to ascertain the interest of the respondents. Based on the information, the questionnaire was revised in its format, content and sequence for the final use in the study.

3.7.4 Ethical Consideration

According to the University of Ghana, it is a requirement that studies involving the collection of data from individuals needed approval from the Ethics Committee for the Humanities (ECH). Researchers must attain ethical considerations so that they do not put participants in condition that would risk their participation; create a good name for the research and protect the researchers and their institutions. In compliance to this demand, ethical approval was sought from the ECH and approval was given for a period of one year (Reference Number: **ECH 152/19-20**).

3.7.5 Administering of Questionnaire

Questionnaires were self-administered by the researcher together with six data collection assistants. A total of 750 questionnaires were administered out of which 746 were collected with the exception of 4 questionnaires which were not returned by some respondents. Notwithstanding, 21 out of 746 questionnaires were excluded from the final analysis because they were not fully completed. The conventionality of elimination was to exclude all observations for which most of the questions on the main constructs were not answered. In all, 725 representing 96.67% of total respondents' questionnaires surveyed were used in the study.

3.7.6 Data Preparation and Analysis Process

Data preparation involves coding of data and entry into a database using excel, data filtering and finding any missing responses. The 725 usable questionnaires out of 750 were imported into Statistical Package for the Social Sciences (SPSS) version 25 where descriptive analyses report was generated.

3.8 Data Analysis Technique

This study used the Structural Equation Modelling (SEM) technique to analyze the data. First generation techniques such as regression-based approaches (e.g. multiple regression analysis, discriminant analysis, logistic regression, variance analysis) and factor analysis have been mostly used to confirm prior established theories and testing hypotheses, the use of second-generation techniques such as SEM has become common in many empirical studies of late.

3.8.1 Structural Equation Modelling (SEM)

SEM is a second-generation technique which provides the means to test the direct, indirect and total relationship among constructs in the research. The association between the dependent and independent variables constitutes the direct effects. The connection between the dependent and independent variables that are mediated or moderated by some other variables comprises the indirect effect. Finally, the total effect shows the sum of two or more direct or indirect influence of the variables in the study. Relative to other statistical techniques, SEM technique helps the researcher not to only test relationships among constructs concurrently but it is able to reduce the overall error associated with the model (Astrachan, Patel, & Wanzenried, 2014).

In addition, SEM aids in testing models flexibility and permits the researcher to use multiple predictors and criterion variable constructs which are not observable (latent), measurement errors in models for observed (manifest) variables, and test mediation and moderation relationships in a single model. SEM is therefore described as a dynamic statistical technique (Hair, Black, Babin & Anderson, 2010; Hair, Hult, Ringle, & Sarstedt, 2016). From extant literature, there are two types of SEM have been suggested by researchers, that is, Covariance based SEM (CB-SEM) and Partial Least Square SEM (PLS-SEM). The clear-cut difference is the statistical assumption and the validation of their respective measurement models. In this regard, the researcher delves into each type and their philosophical assumptions and the guidelines for their usage.

3.8.1.1 Guidelines for using CB-SEM or PLS-SEM

Selecting the right statistical method in research is an important part of the research process. In essence, the researcher must have a clear understanding of the statistical method so as to use it in the study. The method chosen mostly depend on the assumptions underlying the usage of a particular method. This part of the research informs the criteria to consider when using either CB-SEM or PLS-SEM.

The selection between CB-SEM and PLS-SEM can be made looking at factors such as research objective, type of measurement model specification, the modelling of structural model, data characteristics and model evaluation (Hair, Ringle, & Sarstedt, 2011). Five useful rules of thumb are suggested by these authors as guidelines when selecting between PLS-SEM and CB-SEM. In selecting between the two methods, the researcher must

identify the study's objective. CB-SEM is the preferred method if the study is to test or confirm a theory. The purpose here is that it entails the demonstration of how sound a theoretical model fits the observed data when testing theories. CB-SEM is conducive for dense modeling when the study objective is to limit the covariance matrix (Barclay, Higgins, & Thompson, 1995). However, when the research objective is for prediction and theory development, PLS-SEM is the most preferred method and this called soft modelling.

Secondly, CB-SEM is solely applicable in research models that are reflective in nature. The use of formative constructs within the CB-SEM would create a situation where the explanation of the covariance of all indicators is not possible (Chin, 1998). Also, the use of CB-SEM in handling both reflective and formative constructs is relatively complicated (Urbach & Ahlemann, 2010). Notwithstanding, PLS-SEM can be used to analyze a research model that comprises both reflective and formative constructs (Chin, 1998b). Researchers are able to concurrently use either reflective, formative or the combination of both constructs when PLS-SEM is used for the analysis.

Thirdly, using the CB-SEM software in further analysis requires some underlying assumptions which must be met. These assumptions involve the assessment of: Data multivariate normality; observation independence; and variable metric uniformity (Sosik, Kahai, & Piovoso, 2009). Large sample size and data normality are the requirement for using CB SEM. According to Hair et al. (2011), the outcome of the CB-SEM will be very imprecise when one of the assumptions is violated. PLS-SEM is a more robust approach used to analyse data with non-normality distribution.

Beebe, Pell, and Seasholtz (1998) maintain that in using PLS-SEM, data normality is not required because PLS uses calibration procedures which change any non-normal data into data that follows to the central limit theorem. In conclusion, this study used PLS-SEM technique because of its strengths over other techniques such as the ability to work with sample size data smaller or larger than 200; the ability to work with a lot of indicators and make it a single item measure, ability to evaluate complex model concurrently; and the ability to analyse unobservable or latent variables as are used in the study. The researcher used Smart PLS 3.0 software to analyse the inferential data of the study (Ringle, Sarstedt, & Schlittgen, 2014).

3.8.1.2 Reflective and Formative Constructs

The two models of the constructs that could be used in the research are discussed in this section. It is espoused in the SEM literature that unobserved variables can be modelled using either the formative or reflective indicators. Reflective constructs are constructs which are affected by the same underlying construct. The direction of causality of the construct is from the constructs to the indicators and changes in the indicators. In the reflective construct, the direction of the arrow points from the unobserved variables to the reflective indicators. On the contrary, the indicators of the reflective constructs should be internally consistent because all the measures are considered to be valid indicators of the unobserved variables. The formative constructs refer to constructs that have formative indicators which are combined to give rise to the meaning of the unobserved variables (Petter, Straub, & Rai, 2007).

In contrast to a reflective construct, the formative construct assumes that the indicators have an impact on the principal construct (Jarvis, MacKenzie, & Podsakoff, 2003). In a reflective construct as used in this study, the set of indicators jointly define the theoretical and experiential import of the construct. The path of connection is from indicators to the unobserved variables (Jarvis et al., 2003). Interior uniformity is vital for a reflective construct. Besides, a reflective construct had better be unidimensional and if any measure is deleted, it will not disturb the content validity (Petter et al., 2007).

3.9 Assessing the Measurement and Structural Models

Literature recommends that in carrying out the structural model analysis, assessment of each construct must be done to ensure they meet the quality criteria for the empirical work (Urbach & Ahlemann, 2010). PLS-SEM allows that the instruments are subjected to the normal diagnostic test of reliability and validity irrespective of they being tested in previous studies. The relationship between the manifest variables and latent variables is evaluated by the measurement model. Testing the measurement model is done through validity and reliability assessment of construct measures in the model. Evaluation of the measurement model is mainly meant for testing reliability and validity of the constructs (Hair, Hult, Ringle, & Sarstedt, 2014). In assessing the nature of the relationship of the overall model, this ensures that only reliable and valid constructs' measures are used (Hair, Sarstedt, Pieper & Ringle, 2012). The relations between the latent constructs are specified by the structural model. Estimating and analyzing the path coefficients between the constructs test the structural model. Path coefficients are indicators of the model's predictive ability.

3.9.1 Internal Consistency Reliability

This measure or judges the level to which the same construct is being measured by a set of indicators by testing the correlations among the indicators of a construct. Internal consistency of constructs is commonly measured by the Cronbach alpha (CA), which provides an estimate for the reliability based on indicator inter-correlations (Hair, Hult, Ringle, & Sarstedt, 2017). On the contrary, Fornell and Lacker criterion of composite reliability (CR) is the preferred measure in PLS SEM (Chin, 1998). Notwithstanding, the CA and CR measure the same thing but the CR takes into account that the indicators have different loadings. CA assumes that all indicators are equally weighted hence underestimates the internal consistency. The indicator loadings are calculated by the PLS algorithm. A good standardised loading estimate should be equal to or greater than 0.70 (Hair et al., 2009). On the other hand, Hair et al. (2009) recommended a minimum value of 0.5; loadings below 0.5 are candidates for deletion especially when constructs are reflective, the statistical significance of the loadings are determined by bootstrapping. At the very least, the indicator loadings must be statistically significant at $\alpha = 0.5$.

The internal consistency of the measurement model is valid when the CR of each of the constructs meets the recommended threshold of 0.7, but composite reliability values below 0.60 indicates lack of internal consistency reliability (Hair et al., 2013; Hair et al., 2017); also, ensuring that the Cronbach's alpha and the composite reliability (CR) are higher than 0.7 and below 0.95 (Hair et al., 2017). Furthermore, Sekaran (2003) put the threshold of Cronbach's alpha at 0.60 for measurement of internal consistency validity. "Composite reliability is considered superior to Cronbach's alpha, which assumes that all indicators

should be weighted equally. Composite reliability does not make this assumption and uses the loadings obtained from the model itself” (Hair, Sarstedt, Ringle & Mena, 2012). However, when all the reliability and validity tests have been met, indicator loadings of 0.4 and above is acceptable.

3.9.2 Convergent Validity

Convergent validity has to do with the measurement of a construct with independent techniques and demonstrating a high correlation among the measures. According to Hair et al. (2009), it is the extent to which a set of indicators share a proportion of variance; or it refers to the level at which alternative measures of the same construct positively correlates (Hair et al., 2017). In this study, the measurement model’s validity was assessed using its Average Variance Extracted (AVE) value. The AVE value is calculated as the mean of the squared loadings for all indicators associated with the constructs. The recommended threshold of the AVE is 0.5 or higher as it indicates that on average the construct explains over 50% of the variance of its items.

3.9.3 Discriminant Validity

Discriminant validity is paramount element in model evaluation (Hair et al., 2013). Empirically, discriminant validity ensures that a construct measure is unique and reflects phenomena of interest that other measures in SEM do not capture. It specifically requires that a test does not correlate too highly with measures from which it is expected to differ. Constructs have an impact on the variation of more than just the manifest variables to which they are theoretically related if discriminant validity is not established. Conversely, certainty cannot be achieved by researchers that the outcome underpinning hypothesized structural paths are real or whether they are due to statistical differences.

The Fornell and Lacker (1981) criterion is preferred in the assessment of discriminant validity. This method compares each construct's AVE value with the squared inter-constructs correlation (a measure of shared variance) of that construct with all other constructs in the structural model. The Fornell-Larcker method is built on the logic of evaluating the extent to which a construct shares more variance with its associated indicators than with any other construct (Hair et al., 2017). Therefore, the approved guideline is that a construct should not exhibit shared variance with any other construct with AVE greater than it.

Examining the cross loadings is a less rigorous approach to evaluating the discriminant validity. Hair et al., (2012) posit that the preferred guideline for this approach is that an indicator variable loading should be higher on its own construct than any other construct included in the structural model. Hence, the existence of cross loadings that appears greater than the indicators' out loadings reveals a discriminant validity challenge (Hair et al., 2011). The construct shows discriminant validity in the event that loadings of the indicators are consistently highest on the construct with which they are associated.

3.10 Assessing the Structural Model

It is relevant to evaluate the structural model after complete analysis of the measurement model. According to Urbach and Ahlemann (2010), the researcher is able to determine whether the stated hypotheses are supported by the data when the structural model is evaluated. In the assessment, the structural model multicollinearity was primarily tested.

Multicollinearity arises when the independent variables are highly correlated with one or more of the dependent variables in a multiple regression equation. This test was to ensure that the constructs in the model are not correlated, as this would increase the error in estimating the effect of each construct. The Variance Inflation Factor (VIF) is used to test for multicollinearity. Ideally, VIF of the construct should be less than 5 or close to 3 and below (Hair et al., 2013; Hair et al., 2017).

The coefficient of determination (R^2) is a relevant assessment of the measurement model. The R^2 measures the extent to which the independent variables explain the amount of variance in the dependent variable. The R^2 ranges from 0 to 1, where higher levels indicate a greater degree of predictive accuracy. As a rule of thumb, R^2 values of 0.75, 0.5, 0.25 may be considered substantial, moderate and weak respectively (Hair et al., 2012). Also, the model's predictive importance must be assessed using a procedure called "blindfolding" to calculate the Q^2 which assumes that a part of the raw data matrix is missing during the estimation of the parameters. The model is considered to have predictive validity if the test criterion is larger than 0 or otherwise (Fornell & Cha, 1994; Chin, 1998b).

Finally, the model assessment is done using Herman's single factor score test to check the problem of common method bias to show the extent to which all items are loaded into a single common factor. As a guide, the data is said to be free from common method bias if the Herman's single factor score is less than 50% (Podsakoff, MacKenzie, & Podsakoff, 2012). On the contrary, a Herman's single factor score above the 50% threshold is an indication of a common method bias problem.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, results from the data collected and analysed are exhibited and discussed. Descriptive statistics is first of all presented in order to appreciate the characteristics of the data. Results testing the hypotheses of each model are presented and discussed.

4.2 Profile of Respondents

The descriptive statistics of the respondents is presented in Table 4.1. Males form majority of the study sample and dominant commerce activities with a share of 55.3% and 52.7%, correspondingly. Majority of the respondents are within the youthful age bracket not above 40 years; this culminates into a total proportion of 69.1%. Similarly, majority (57.7%) of the respondents receive education from primary to secondary level whilst 31.9% received tertiary education with only 10.5% receiving no formal education. This suggests that respondents at least have a fair idea about tax compliance. In addition, 32.4% (majority) of the respondents have been in business for more than 7 years. The other respondents also have a business duration of below 4 years; 4-5 years and 6-7 years, indication that a respondent is not ignorant of the existence of a tax collection authority. More of the respondents have registered with either the GRA or MMDA's for tax purposes. However, about 55.4% of the respondents have no Tax Identification Number (TIN), suggesting that, the aim of bringing more individuals into the tax bracket through the TIN system by ACT 632 (2002), has not gain the needed grounds for promoting tax compliance.

Table 4.1. Demographic Characteristics of Respondents

Variable	Groups	Frequency	Percent
Gender	Male	401	55.3
	Female	324	44.7
Age	30 and below	204	28.1
	31 – 35	139	19.2
	36 – 40	158	21.8
	41 and Above	224	30.9
Educational Level	Non-formal	76	10.5
	Basic Education	210	29.0
	Secondary Education	208	28.7
	Tertiary	231	31.9
Number of years in business	Below 4 years	214	29.5
	4 - 5 years	138	19.0
	6 - 7 years	138	19.0
	Over 7 years	235	32.4
Nature of business	Agric-related	144	19.9
	Commerce	381	52.6
	Service	152	21.0
	Others	48	6.6
Business registered with Assembly or GRA for Tax purposes	Yes	375	51.7
	No	350	48.3
Has a Tax Identification Number (TIN)	Yes	323	44.6
	No	402	55.4

Source: Author, 2020

4.3 Descriptive Statistics on Constructs

In this section, the mean scores and standard deviations of the respondents' opinion on the precise indicators used to measure the key constructs of the study are reported. Respectively, the mean score of each indicator under the construct indicate the level of agreement or disagreement, importance or less importance respondents attach to each statement. Results from this analysis as given in table 4.2 show an overall mean of 5.22 for

the construct 'attitude towards tax compliance'. This value indicates that the respondents strongly agreed with the statements that designated tax compliance to be good, pleasant and attractive. This outcome thus, indicates that self-employed individuals sampled have a favourable attitude towards tax compliance. An overall mean of 4.42 was recorded by the construct 'subjective norm' which proves that the respondents were strongly of the opinion that other prominent people in their lives will approve of them engaging in tax compliance. Similarly, perceived behavioural control had an overall mean of 4.02 which demonstrates the uncertainty of the level of control that the taxpayers have over their intention to engage in tax compliance. Again, the construct 'moral obligation' had an overall mean of 4.76 indicating that the respondents strongly consider tax compliance to be morally good. Consequently, 'intention to engage in tax compliance' which is the variable of interest recorded an overall mean of 4.34 suggesting that the respondents had a very strong intention to engage in tax compliance.

Furthermore, the construct 'perceived tax complexity' had an overall mean of 4.63 suggesting that respondents perceive the tax system to be highly unsimplistic. Therefore, the indicators: The sentences and wording in the Individual Income Tax Return Guide looks lengthy and not user-friendly; Most of the tax liability am given to pay after assessment made by GRA looks overstated for me to pay; and I will find it tedious to maintain all my relevant records for the whole year for tax purposes (if I must complete the tax return form(s)) had averages of 5.20, 5.32 and 5.10 above the overall average. Also, the construct 'trust' had an overall mean of 3.41 an indication that the respondents are strongly of the opinion that the tax system is less transparent or not fair. Finally,

considering respondents' opinion on antecedent-based intervention strategies, an overall mean score of 5.87 (the highest among the constructs) was recorded which presupposes that most of the respondents exploit the ambiguity of the tax law. Therefore, the mean scores of all the indicators are above the 3.5 mid-point value a clear indication that the respondents perceive as game of chance. By implication, the respondents maintain an opinion which contends that noncompliance is unlawful and believe that though unreciprocated, individuals have a civic responsibility to pay taxes as a way of contributing to the welfare of others. Thus, voluntary compliance will enable the state to function properly. Nevertheless, most of the respondents somehow agree that noncompliance is justified if to a large extent the tax rates are too high (mean =5.55) and the terms in the individual income tax return forms are difficult to understand (mean = 4.65).

Table 4.2. Descriptive statistics on constructs

Variables	Mean	Std. Deviation
ATTITUDE TOWARDS TAX COMPLIANCE INTENTION		
I will be disturbed if I am unable to correctly state my taxes	4.95	2.182
I will feel guilty if I cheat on my taxes	5.14	2.217
I will feel pleased if I pay less taxes	5.30	2.129
The likelihood of being audited by the GRA is low	5.24	2.119
It will be financially beneficial for me to pay less taxes	5.44	2.064
I find the concept of tax compliance very relevant	5.26	2.097
Overall mean	5.22	2.13
SUBJECTIVE NORMS		
My family and peers will think that I should pay less taxes	5.00	2.317
My family and peers will think that I should only pay the correct taxes	5.15	2.017
Most people who are important to me will look down on me if I cheat on taxes	4.69	2.303
Most people I know will approve of me cheating on taxes	3.06	2.446
My role models and co-workers will think filing my tax returns should exclude some income sources.	4.25	2.389
If I cheated on my taxes, most people who are important to me will disapprove	4.39	2.521
Overall mean	4.42	2.33
PERCEIVED BEHAVIOURAL CONTROL		
With my tax knowledge, skills and resources, it will be very easy for me to pay less taxes	3.55	2.244
Due to my limited tax knowledge, skills and resources, it is hard for me to pay less taxes	5.01	2.224
I will successfully state less taxes in my tax return form if I wanted to	4.11	2.406
With my tax knowledge, skills and resources, I will have no difficulty in stating less taxes successfully	3.76	2.385
There are no barriers that will prevent me from stating less taxes successfully	3.68	2.495
Overall Mean	4.02	2.35
MORAL OBLIGATION		
I think it would be morally wrong to engage in tax non-compliance	5.64	2.156
I will not feel guilty if I cheated on taxes	3.44	2.556
Cheating on taxes goes against my principles	4.69	2.582
It will be morally wrong for me to cheat on taxes	5.25	2.419
Overall Mean	4.76	2.43
INTENTION TO ENGAGE IN TAX COMPLIANCE		
I will report my income fully, including all other sources	3.90	2.443

I will not attempt to cheat by omitting to report any extra income in my tax return form	3.86	2.366
I will not declare extra income which is not earned from my regular income source	4.18	2.608
I will not fail to comply with the tax laws in future	5.43	2.137
Overall Mean	4.34	2.39
PERCEIVED TAX COMPLEXITY		
I think the terms used in tax publications (e.g. GRA guide books) and in tax return forms are difficult for people like me to understand	4.65	2.450
The sentences and wording in the Individual Income Tax Return Guide looks lengthy and not user-friendly	5.20	1.914
The rules related to individual income tax are clear	4.54	2.186
Most of the time I need to refer to others for assistance in dealing with tax matters	4.61	2.348
I will have a problem in completing and filing the tax return form(s), if they are required	4.11	2.322
I will find it tedious to maintain all my relevant records for the whole year for tax purposes (if I must complete the tax return form(s))	5.10	2.012
Most of the tax liability am given to pay after assessment made by GRA looks overstated for me to pay	5.32	1.908
I do not have to make a lot of effort to understand the explanations given in GRA guide books and other similar explanatory material	3.49	2.427
Overall Mean	4.63	2.20
TRUST		
Current graduated tax rates are far too high	5.55	1.979
Generally, the income tax system in Ghana is fair	3.49	2.450
Overall, the burden of tax in Ghanaian tax system has been well distributed	2.87	2.053
Tax revenue is wisely spent by the government on project and infrastructure that are beneficial to taxpayer	2.67	2.091
The taxes I must pay are not too high considering the social benefits provided by the government	2.39	1.807
GRA cares about the concerns of taxpayers when a provisional assessment is made.	3.34	2.420
GRA trust the assessment made by taxpayers themselves	2.95	2.150
GRA considers the views of average citizens on new laws over changes to their systems with much flexibility	3.35	2.317
I am satisfied with assessment and collection of tax process made by GRA	3.75	2.427

GRA gives good cooperation when taxpayers need information about tax laws	3.16	2.258
Overall, GRA is very efficient in carrying their duties and affairs with taxpayers	3.17	2.224
In my opinion, GRA can check the correctness of all the information reported in tax form submitted by taxpayers	4.35	2.495
Overall mean	3.41	2.22
ANTECEDENT-BASED INTERVENTION STRATEGIES AND TAX COMPLIANCE INTENTION		
Opening new communication channels	6.17	1.419
Considering citizens opinion	6.15	1.308
Third-party reporting and cross-check	5.53	1.780
Leveraging the power of social recognition	5.78	1.429
Assistance services for compliance with tax obligation	5.84	1.609
Frequent visits to clients	5.65	1.891
Adjustment to economic, social context and new needs of citizens	5.98	1.638
Overall mean	5.87	1.58

Source: Author, 2020

4.4 Measurement Model Assessment

Evaluation of the measurement model is mainly meant for testing reliability and validity of the constructs (Hair et al., 2014). Table 4.3, 4.4 and 4.5 contain results obtained for model internal consistency reliability, convergent validity and discriminant validity. Composite reliability is considered superior to Cronbach's alpha, which assumes that all indicators should be weighted equally. Composite reliability does not make this assumption and uses the loadings obtained from the model itself (Hair et al., 2012). Therefore, all constructs in table 4.3 demonstrate adequate composite reliability, exceeding the 0.7 threshold recommended.

Convergent validity assessment is based on a minimum 0.5 threshold of average variance extracted (AVE) values. The AVE value is calculated as the mean of the squared loadings for all indicators connected to the constructs (Hair et al., 2017). The results in table 4.3 with AVE above the 0.5 threshold informs that the level of convergent validity of the constructs is very high.

Table 4.3. Internal consistency reliability, and Convergent validity

Construct	CA	CR	AVE
Attitude	0.681	0.825	0.614
Tax Compliance Intention	0.690	0.831	0.623
Antecedent based Intervention Strategies	0.717	0.821	0.536
Moral Obligation	0.693	0.826	0.618
Perceived Behavioural Control	0.705	0.771	0.543
Perceived Tax Complexity	0.470	0.779	0.643
Subjective Norms	0.344	0.724	0.584
Trust	0.807	0.864	0.565

Source: Author

Notes: CA: Cronbach alpha; CR: Composite Reliability; and AVE: Average Variance Extracted

The discriminant validity can be evaluated from three strands: the Fornell and Lacker criterion, the Heterotrait-Monotrait approach and using the cross loadings. The Fornell and Lacker (1981) criterion is preferred in the assessment of discriminant validity. This method compares each construct's AVE value with the squared inter-constructs correlation (a measure of shared variance) of that construct with all other constructs in the structural model. The Fornell-Larcker method is built on the logic of evaluating the extent to which a construct shares more variance with its associated indicators than with any other construct

(Hair et al., 2017). Therefore, the accepted parameter is that a construct should not display common variance with any new construct with AVE better than it. Table 4.4 indicates outcome of discriminant validity, hence considered appropriate, as each latent construct's AVE appears greater than its maximum squared correlation with any other latent construct in the model (Hair et al., 2017).

Table 4.4. Discriminant validity (Fornell-Lacker Criterion)

Constructs	A	TCI	ABIS	MO	PBC	PTC	SN	T
AT	0.784							
TCI	0.330	0.789						
ABIS	-0.086	-0.255	0.732					
MO	0.403	0.596	-0.219	0.786				
PBC	-0.162	0.113	0.014	-0.001	0.737			
PTC	0.002	-0.353	0.121	-0.231	-0.069	0.802		
SN	0.309	0.573	-0.297	0.521	0.091	-0.324	0.764	
Trust	-0.039	0.328	-0.194	0.265	0.462	-0.140	0.297	0.751

Source: Author, 2020

Notes: A: Attitude, TCI: Tax compliance intention, ABIS: Antecedent-based intervention strategies, MO: Moral obligation, PBC: Perceived behavioural control, PTC: Perceived tax complexity, SN: Subjective norms, and T: Trust.

Despite the wide use of Fornell-Lacker criterion and cross loadings approaches for discriminant validity assessment, these criteria have been largely criticised for poorly revealing discriminant validity problems (Henseler, Ringle, & Sarstedt, 2015) it is also appropriate to use Heterotrait-Monotrait ratio or correlations (Hair, et al., 2012). Consequently, researchers should use the HTMT (Heterotrait-Monotrait ratio or correlations) similar to the (geometric) mean of the common correlations of the indicators assessing the same construct.

Extraordinary HTMT values depict a challenge with discriminant validity. Depending on replication and prior studies, Henseler et al., (2015) recommended, HTMT values should not exceed 0.90 and 0.85 threshold for conceptually identical and more different constructs respectively in a path model. In conclusion, bootstrapping approach is appropriate for determining that HTMT ratio is statistically significant at a value less than one. The results in table 4.5 also informs the existence of discriminant validity in all the constructs since the HTMT values are less than the 0.90 threshold for conceptually similar constructs, hence statistically significant.

Table 4.5. Heterotrait-Monotrait Ratio (HTMT)

Constructs	AT	TCI	ABIS	MO	PBC	PTC	SN	TR
Attitude								
Tax Compliance Intention	0.479							
Antecedent-based Intervention Strategies	0.208	0.346						
Moral Obligation	0.627	0.829	0.261					
Perceived Behavioural Control	0.214	0.110	0.109	0.184				
Perceived Tax Complexity	0.237	0.590	0.244	0.353	0.239			
Subjective Norms	0.576	1.064	0.541	1.048	0.252	0.589		
Trust	0.206	0.406	0.271	0.329	0.592	0.278	0.621	

Source: Author, 2020

Finally, discriminant validity assessment was done using the cross loadings of the indicators. As a rule of thumb, an indicator's outer loadings should be greater than all of its loadings on other constructs on each item row (Hair, et al., 2012). Hence, the existence of cross loadings that appears greater than the indicators' out loadings reveals a discriminant validity challenge (Hair, et al., 2011). Table 4.6 indicates high discriminant validity because loadings of the indicators are consistently highest on the construct with which they are associated than other constructs.

Table 4.6. Cross Loadings of Indicators

Indicators	A	I	ABIS	MO	PBC	SN	T	PTC
A1	0.860	0.270	-0.040	0.286	-0.181	0.253	-0.077	-0.029
A2	0.807	0.282	0.013	0.386	-0.005	0.191	0.056	-0.035
A6	0.671	0.218	-0.207	0.268	-0.220	0.300	-0.087	0.087
I1	0.305	0.838	-0.213	0.503	0.063	0.448	0.237	-0.352
I2	0.283	0.845	-0.253	0.464	0.121	0.457	0.232	-0.314
I4	0.189	0.673	-0.134	0.438	0.082	0.444	0.305	-0.165
IS4	-0.136	-0.228	0.709	-0.237	-0.037	-0.246	-0.100	0.092
IS5	-0.009	-0.204	0.818	-0.161	0.048	-0.180	-0.101	0.131
IS6	-0.083	-0.145	0.718	-0.124	0.070	-0.234	-0.131	0.007
IS7	-0.004	-0.139	0.674	-0.078	-0.033	-0.211	-0.287	0.108
MO1	0.433	0.286	-0.045	0.612	-0.049	0.327	0.138	-0.031
MO3	0.311	0.548	-0.248	0.846	-0.039	0.479	0.199	-0.240
MO4	0.281	0.518	-0.175	0.873	0.066	0.410	0.272	-0.216
PBC3	0.015	0.032	0.029	-0.067	0.624	0.075	0.325	0.040
PBC4	-0.199	0.126	0.005	0.022	0.956	0.098	0.420	-0.116
PBC5	-0.018	0.024	0.021	-0.032	0.571	-0.028	0.323	0.109
SN3	0.110	0.241	-0.114	0.329	0.170	0.544	0.290	0.004
SN6	0.314	0.565	-0.297	0.467	0.034	0.934	0.223	-0.380
T10	-0.101	0.106	0.012	0.020	0.241	0.103	0.575	0.115
T4	0.059	0.265	-0.215	0.231	0.285	0.199	0.643	-0.052
T6	-0.083	0.183	-0.158	0.187	0.401	0.251	0.789	-0.092
T8	-0.093	0.261	-0.139	0.215	0.410	0.252	0.855	-0.123
T9	-0.001	0.321	-0.150	0.242	0.377	0.262	0.851	-0.224
TC3	-0.076	-0.343	0.176	-0.212	-0.058	-0.345	-0.168	0.904
TC8	0.134	-0.201	-0.030	-0.153	-0.054	-0.134	-0.025	0.684

Source: Author, 2020

Notes: A: Attitude, I: Intention, ABIS: Antecedent-based intervention strategy, MO: Moral Obligation, PBC: Perceived behavioural control, SN: subjective norms, T: Trust, PTC: Perceived Tax Complexity.

4.5 Structural Model Assessment

The next most important stage of testing PLS-SEM outcome is evaluation of the structural model after attaining a satisfactory measurement model assessment. The structural model assessment informs the extent to which the stated hypotheses are supported by the data.

The standard assessment criteria to be considered, include coefficient of determination (R^2), the cross validated redundancy measure (Q^2), and the statistical significance and relevance of the path coefficients.

4.5.1 Multicollinearity

The Variance Inflation Factor (VIF) is used to test for multicollinearity. Ideally, VIF of the construct should be close to 3 and below. Table 4.7 depicts no multicollinearity issues in the model because the VIF values of all the constructs are within the threshold of less than 3 (Hair et al., 2017).

Table 4.7: Multicollinearity of Constructs

Constructs	VIF
Attitude	1.305
Antecedent-based Intervention Strategies	1.129
Moral Obligation	1.601
Perceived Behavioural Control	1.331
Perceived Tax Complexity	1.149
Subjective Norms	1.628
Trust	1.483

Source: Author, 2020

Notes: VIF = Variance Inflation Factor

4.5.2 Common Method Bias

As part of the structural model assessment, common method bias test was conducted to show the extent to which all items are loaded into a single common factor. As a rule of thumb, the Herman's single factor score test should not be greater than 0.5 or 50%. The results indicate that the data is free from common method bias issues because the Herman's single factor score of 0.12238 (12.238%) is less than the 0.5 (50%) threshold (Podsakoff et al., 2012). Impliedly, the loading of all items into a single factor post no threat to the structural model.

4.5.3 Coefficient of Determination

In relation to assessing the sample predictive power of the model, R^2 is examined as a measure of the extent to which the independent variables explain the amount of variance in the dependent variable (Tax compliance intention). The results demonstrate that the independent variables explain about 50% and 53% of the variance in the dependent variable in the direct and indirect path models respectively. This means that the independent variables are moderate predictors of self-employed individuals' compliance intention (Hair et al., 2012).

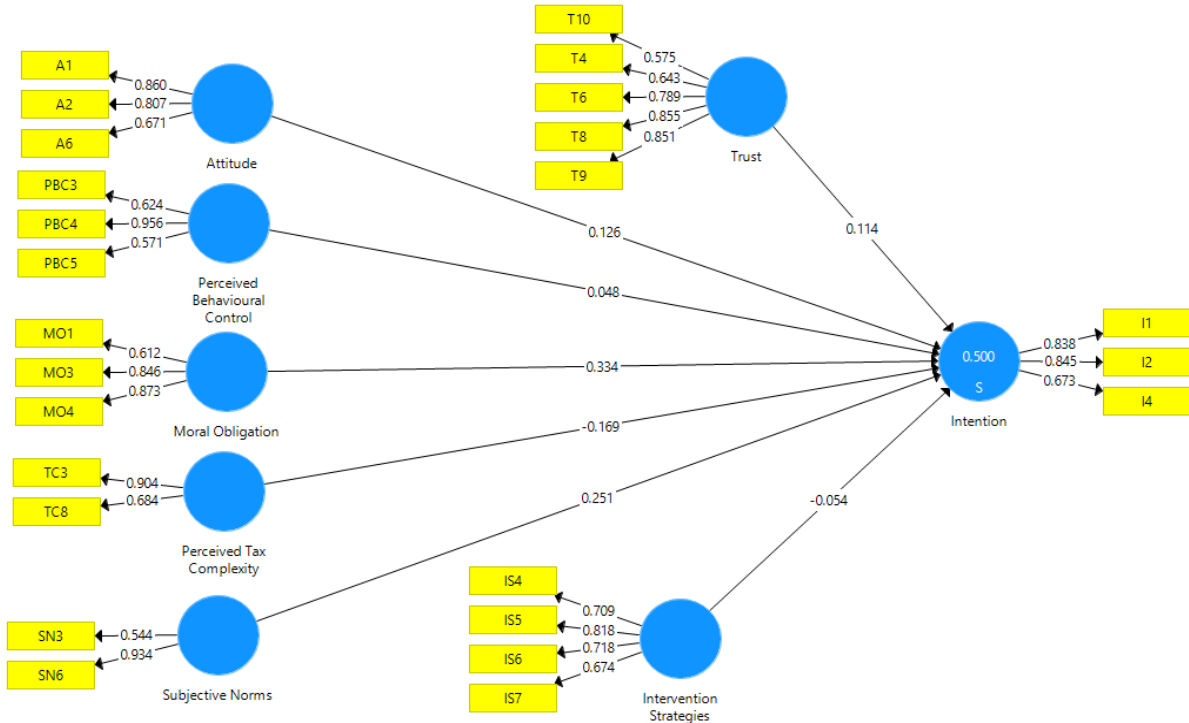
4.5.4 Assessment of Predictive Relevance

Furthermore, assessing the predictive accuracy of the structural model in this study is done using the cross validated redundancy (Q^2) measure. As a guideline, the Q^2 values should be greater than 0 for a particular independent variable to show a predictive accuracy of the structural model for that variable. The results indicate a large predictive validity in the model since the Q^2 value (0.291) is greater than zero (0) (Fornell & Cha, 1994, Pp.72).

4.6. Path Diagram

The path model in Figure 4.1 was used in the structural model analysis.

Figure 4.1: Path Model 1



Source: Author, 2020

4.7 Hypotheses Testing

Analysis of the structural model in testing the hypotheses are show in table 4.8. The table shows the direct effect of the independent variables on the dependent variable. In interpreting the hypotheses, the path coefficients which define the link between the dependent and independent variables as well as the p-values are shown.

Table 4.8. Hypotheses Testing

Hypotheses	Path	Coefficient	P-Values	Results
H1:	AT -> TCI	0.126	0.000	Accepted
H2:	SN -> TCI	0.251	0.000	Accepted
H3:	PBC -> TCI	0.048	0.180	Rejected
H4:	MO -> TCI	0.334	0.000	Accepted
H5:	PTC -> TCI	-0.169	0.000	Accepted
H6:	ABIS -> TCI	-0.054	0.049	Accepted
H7:	Trust -> TCI	0.144	0.002	Accepted

Source: Author, 2020;

Notes: Significance level at 5%

4.8 Discussion of Results

Table 4.8 shows the hypotheses testing from the structural model. All the hypotheses tested are significant except perceived behavioural control on tax compliance intention.

4.8.1 Attitude and Tax Compliance Intention (H1)

As depicted in table 4.8 in line with expectations, the results indicate positive and statistically significant ($\alpha = 0.05$) relationship between attitude and tax compliance intention. The outcome is consistent for this construct with a p-value of 0.000. The study indicates that individuals' who perceive attitudinal favourableness towards tax compliance are more likely to voluntarily comply by filing, reporting and paying their taxes. The results support the finding in literature that there is a significant positive relationship between attitude and tax compliance intention (Eriksen & Fallan, 1996; Bobek & Hatfield, 2003; Trivedi et al., 2005; Kirchler et al., 2008; Alabede et al., 2011; Abdul-Razak & Adafula, 2013; Alleyne & Harris, 2017; Owusu et al., 2019; Sadress et al., 2019).

4.8.2 Subjective Norms and Tax Compliance Intention (H2)

As shown in table 4.8 in line with expectations, the results indicate positive and statistically significant ($\alpha = 0.05$) relationship between subjective norms and tax compliance intention. The results of this construct gave a p-value of 0.000. The study informs that, individuals' decisions on tax compliance is highly affected by the pressure or influence of prominent individuals such as role models, family, friends, and competitors in the society. This result corroborates what is in literature that individual taxpayers who perceive that prominent others approve of tax compliance, are more likely to involve in the behaviour (Cullis & Lewis, 1997; Bobek & Hatfield, 2003; Richardson, 2006; Tsakumis et al., 2007; Jimenez & Iyer, 2016; Hasan et al., 2017).

4.8.3 Perceived Behavioural Control and Tax Compliance Intention (H3)

Table 4.8 shows that the relationship between perceived behavioural control and tax compliance intention is positive (0.048) but statistically insignificant ($p = 0.180$). Though the table depicts positive direction for the relationship, the result is insignificant. The study asserts that, though perceived behavioural control (perceived opportunities and impediments) is a predictor of individuals' compliance intentions base on the person's jurisdiction, the extent of influence is low at 5% significant level. This result is quite contrary to the literature that individuals with high perceived behavioural control (apparent ease) are more likely to involve in tax compliance (Ajzen, 1985,1991; Carnes & Englebrecht, 1995; Hartwick & Barki, 1994; Lee & Kozar, 2005; Alleyne & Harris, 2017).

4.8.4 Moral Obligation and Tax Compliance Intention (H4)

Again, there is a positive and statistically significant ($\alpha = 0.05$) relationship between moral obligation and tax compliance intention from table 4.8. The result indicates a p-value of 0.000. The study therefore confirms that in Ghana, the self-employed with strong moral

duty are tax compliant and hence, moral obligation is a good predictor of intention to comply. This outcome supports the literature that perceptions of moral obligation influences tax compliance intentions of individuals. Thus, the stronger a person's wisdom of moral duty, the more likely it is that he or she will involve in compliance (Ajzen, 1991; Beck & Ajzen, 1991; Reckers et al., 1994; Bobek & Hatfield, 2003; Riahi-Belkaoui, 2004; Molero & Pujol, 2012; Alleyne & Harris, 2017; Culiberg, 2018; Owusu et al., 2019). It is however contrary to the finding by (McGee, 1999).

4.8.5 Perceived Tax Complexity and Tax Compliance Intention (H5)

Furthermore, table 4.8 in line with expectation indicates negative and statistically significant ($\alpha = 0.05$) link between perceived tax complexity and tax compliance intention. The study implies that the more simplified individual taxpayers perceive the tax regulations and procedures, the more their compliance intentions. This result supports the literature that the unsimplistic and tedious nature of tax laws makes it cumbersome for taxpayers to comprehend, therefore, leading to non-compliance intention (Pope, 1993; Doran, 2009; Loo et al., 2010; Isa, 2012; Sapiei & Kasipillai, 2013; Massarrat-Mashhadi & Sielaff, 2012; Saad, 2011, 2014; PWC, 2014).

4.8.6 Antecedent-based Intervention Strategies and Tax Compliance Intention (H6)

Table 4.8 shows that the relationship between antecedent-based intervention strategies and tax compliance intention is negative (-0.054) but statistically significant ($p = 0.049$). The results indicate a negative instead of positive relationship predicted at a quite significant level. The study asserts that, Antecedent-based intervention strategies (perceived behavioural complexities) is good a predictor of individuals' compliance intentions and significant at 5%. This result confirms the literature that some taxpayers take advantage of uncertainty of the tax laws and deliberately under-report their incomes, whereas at the

extreme some taxpayers pay more than what they owe. This is in conformity with literature that lazy compliance make taxpayers comply with taxes by default, as they unconsciously exert energies and time into complying with the tax laws (Otioku, 1988; Kalb & Loeber, 2003; OECD, 2008; Kirchler & Wahl, 2010; Langham et al., 2012; IMF, 2015; Lip Schultz & Wilder, 2017; WBG, 2019).

4.8.7 Trust and Tax Compliance Intention (H7)

Finally, table 4.8 shows a positive and statistically significant ($\alpha = 0.05$) relationship between trust and tax compliance intention. The study result with p-value of 0.002 means when individual taxpayers perceive the tax system and tax authority as fair and transparent, their morale towards compliance intention increases. This affirms the finding by Olsen (2008); Chai et al (2011); Guo et al (2012); Mohseni & Sreeniyasan (2014); Luttmer & Singhal (2014) and Prichard (2016) that transparency and fairness in the tax system and authority influences tax compliance intention. It contradicts the finding by Atuguba (2006).

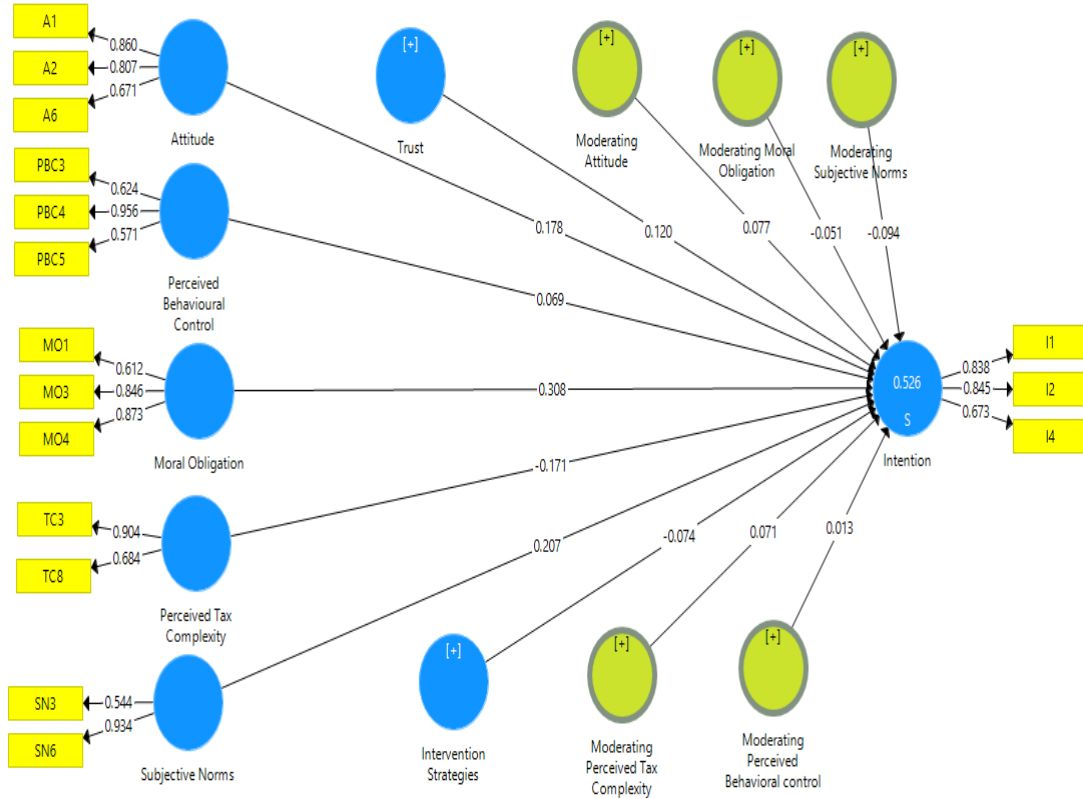
4.9 Moderation Analysis

This section explains the empirical support of the data for the hypotheses tested based on the moderation effect of trust on the relationship between the factors and tax compliance intention excluding antecedent-based intervention strategies.

4.9.1 Path Diagram

The path model in Figure 4.2 aided in the structural model analysis.

Figure 4.2: Path Model 2



Source: Author, 2020

4.9.2 Hypotheses Testing

The outcome of the analysis of the structural model in testing the hypotheses based on the moderating role of trust are shown in table 4.9. In interpreting the hypotheses, the path coefficients which define the indirect relationship between the independent variables and dependent variable as well as the p-values are shown below. Three out of the five hypotheses tested are significant.

Table 4.9. Testing Moderation Hypotheses

Hypotheses	Path	Coefficient	P-Values	Results
H8:	T *AT -> TCI	0.077	0.011	Accepted
H9:	T*SN -> TCI	-0.094	0.211	Rejected
H10:	T*PBC -> TCI	0.013	0.693	Rejected
H11:	T *MO -> TCI	-0.051	0.017	Accepted
H12:	T *PTC -> TCI	0.071	0.022	Accepted

Source: Author, 2020

4.9.3 Moderating Effect of Trust on Attitude and Tax Compliance Intention (H8)

From table 4.9, in accordance to expectations, the study confirms a positive moderating effect of trust on the relationship between attitudes and tax compliance intention. This result validates the assertion that, when people have the understanding that the government or tax authorities and tax system accord them the relevant respect, the taxpayers are encouraged to be loyal and honestly pay their taxes when due. This means that despite the positive relationship between attitude and tax compliance intention depicted in this study, trust as a moderating variable stimulates this relationship and hence, taxpayers will voluntarily comply. This outcome backs the literature that trust significantly influence public compliance intention (Kirchler & Wahl, 2010; Guo, et al., 2012; Prichard, 2016).

4.9.4 Moderating Effect of Trust on Subjective Norms and Tax Compliance Intention (H9)

Inferring from table 4.9, trust moderates a negative relationship between subjective norms and tax compliance intention. This means that the extent to which referent others or social heads influence the compliance intentions of taxpayers is not as a result of the integrity, competence and openness demonstrated by the tax authority and system. This means that the willingness and cooperation of taxpayers to pay their taxes based on the beliefs or

influence of social groups is not directly influenced by the trust in the government or authority, or on the general perception by a social group or individual that the tax authorities are working beneficially and generously for the common good. This contradicts the finding by Kirchler (2007) that voluntary tax compliance as well as trust in the government and system for individual, the group, or society at large will increase when tax authorities treat taxpayers in a responsible and respectful manner.

4.9.5 Moderating Effect of Trust on Perceived Behavioural Control and Tax Compliance Intention (H10)

Again, table 4.9 indicates that there is a positive moderating effect on the relationship between perceived behavioural control and tax compliance intention. This result suggests that the perceive ease or opportunity and difficulty to engage in a behaviour of tax compliance if influenced by the mutual trust between the two parties (that is, tax authority and taxpayer. This mutual relationship usually asserts a synergistic tax environment which is created due to the trust between a taxpayer and the tax authority, and this synergistic environment affect taxpayer's compliance intention. This confirm the findings by Wahl, Kastlunger, and Kirchler (2010); Ya'u and Saad (2018).

4.9.6 Moderating Effect of Trust on Moral Obligation and Tax Compliance Intention (H11)

Table 4.9 further reveals a negative moderating effect of trust on the relationship between moral obligation and tax compliance intention. This outcome means that the taxpayers' intention to engage in a particular behaviour as a result of his or her moral duty, does not depend on ones believe in the tax authority or government. Thus, the degree to which a taxpayer will voluntarily pay taxes due cannot be influenced by trust in the authority and

system, on the general perception by a social group or individual that the tax authorities are working beneficially and generously for the common good and hence, an increase in the taxpayers intention to comply. This corroborates the assertion by Robbins (2016), that citizens can only develop sense of trust when it is evident that the tax authorities or government and system poses almost all the dimensions of trust.

4.9.7 Moderating Effect of Trust on Perceived Tax Complexity and Tax Compliance Intention (H12)

Finally, as shown in table 4.9, there is a significant and positive moderating effect of trust on the relationship between perceived tax complexity and tax compliance intention. This result demonstrates that the taxpayers' intention to engage in tax compliance based on the extent to which the tax laws and content are perceived simple or cumbersome, is influenced by trust in the tax authority and system. Thus, when the tax authority or government out of consistency and loyalty treat taxpayers in a responsible and respectful manner, the taxpayers' intent to pay taxes voluntarily will be high. This assertion is in support of Kirchler (2007); Murphy (2004) and Richardson (2008) that trust positively relates to tax compliance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter summarises all the major issues discussed in the study. First, the chapter highlights the key findings of the study and its implications. Then, contributions made by the study and the limitations of the study are discussed. The chapter ends with recommendations for practice and future research.

5.2 Summary and Conclusion of the Study

The increased global happening of non-compliance heightened the interest of researchers to investigate compliance-related issues. The prevalent rate of non-compliance in the informal sector despite employing majority of the working population globally has been on the rise and this generated huge research interest in self-employed individuals' compliance intention. While prior studies acknowledge the existence of compliance studies at different levels using various measurement scales, most existing studies on tax compliance focused primarily on tax evasion mostly at the firm level with narrow attention at the individual level. The current study attempts to share some new awareness on the tax compliance discourse focusing on self-employed individuals' intention to comply who interestingly have been described as the difficult to tax group due to their failure to report incomes, file returns and make payment.

Motivated by the little research on the compliance intention of the self-employed, this study sought to investigate the occurrence of individuals' non-compliance in the informal sector and examined the common factors that influence tax compliance behaviour among the self-

employed. The study further ascertained whether the intention to engage in tax compliance by individuals in the informal sector could, in any way, be affected by the perception of trust in the tax system and authority as a control variable. Drawing on the ETPB as the theoretical basis, the study hypothesised that attitude, subjective norms, perceived behavioural control, moral obligation, perceived tax complexity, and antecedent-based intervention strategies, may explain why some individuals engage in tax compliance. The study further hypothesised that the perceived strength of trust in the tax system and authority could moderate favourably the predicted relationship between these determinants and willingness to engage in tax compliance. The hypothesised relationships of the study were examined using the Structural Equation Modelling technique. Specifically, the study employed the Partial Least Square- Structural Equation Modelling technique because of its advantages over the Co-Variance Based Structural Equation Modelling technique and other first-generation techniques.

The findings of the study in satisfying the first research objective show a positive relationship between the self-employed taxpayers' attitudes, subjective norms, perceived behavioural control and moral obligation and their intentions to engage in tax compliance. This means that the variables are good predictors of tax compliance intention and hence, the favourableness in attitude, social influence of referent others, perceived ease or difficulty and strong sense of moral duty by persons towards a behaviour will make them comply. Similarly, the results suggest a negative relationship between taxpayers' perceived tax complexity and their tax compliance intention. This result confirms the hypothesis in

the literature. This means that the perceived difficulty in understanding the tax laws and content will make peoples' intention less in engaging in tax compliance.

Second, results on the effect of antecedent-based intervention strategies on tax compliance intentions of self-employed individuals suggest a negative but significant relationship. This means that the ambiguity of the laws and doubtfulness on the part of the taxpayers' engaging in a behaviour often make them comply by default. On the extreme, taxpayers' will overcompensate for their tax liability out of the intention to engage in tax compliance due to antecedent-based intervention strategies described to include opening of new communication channels, considering citizens' opinion, third-party reporting and cross-check, frequent visit to clients and leveraging on the power of social recognition. Therefore, the effect of antecedent-based intervention strategies on tax compliance intention is more of lazy tax compliance.

Finally, on the perceived strength of trust moderating the relationship between attitude, subjective norms, perceived behavioural control, moral obligation and perceived tax complexity, the results illustrate a positive relationship between trust and tax compliance intention. Again, the findings on the moderating effect of trust suggest a positive relationship between taxpayers' attitudes, perceived behavioural control, perceived tax complexity, and their intention to engage in tax compliance. This means that the self-employed taxpayers favourableness in attitude towards a behaviour, availability of opportunity in engaging in a behaviour and the perceived understanding of the tax laws and content positively increases individuals' compliance intention as a result of increasing

transparency and fairness in the tax system and authority. Thus, trust favourably moderates the relationship between attitude, perceived behavioural control, perceived tax complexity and intention to engage in tax compliance.

5.2.1 Implications of Findings

The findings of this study provide some significant implications for issues on taxation and administration, not only for administrators of the tax system and policy makers but all taxpayers and potential entrepreneurs alike. The results of the study suggest high intention of individuals in the Ghanaian informal sector to be tax compliant across all sectors. They perceive that fulfilling their civic responsibility of paying taxes will bring about the needed development to all. The following are some implications of the study;

First, results from this study clearly show that attitude, subjective norms and moral obligation have positive significant effect on self-employed individuals' intention to be tax compliant. Considering the generic nature of tax compliance, the tax system and authority should be impartial for the citizens to appreciate the level of trust in the environment to promote voluntary compliance and hence, the campaign to bring more people into the tax net will be achieved. For example, individuals' intention to comply largely depend on how they favourably perceive tax from the perspective of the tax system and authority as honest or transparent. Also, some individuals maintain that they comply when prominent individuals such as families, competitors, friends and role models approve of their intention and the individuals own wisdom of moral duty to be tax compliant.

Second, results from this study further demonstrates that perceived complexity and antecedent-based intervention strategies have negative significant effect on self-employed individuals' intention to be tax compliant. These push factors are very critical to GRA and policy makers in charting the path of reducing non-compliance in the informal sector. For example, the evidence that individuals who perceive the tax system to be complex often tend to involve in non-compliance due to lack of transparency could be a relevant guide to GRA and policy makers in terms of being more accountable in the use of tax revenues. Drawing from the research findings, taxpayers' awareness on third-party reporting and cross-check will help guide against the indecision of perceiving tax compliance as a game of chance and hence, the intention to be non-compliant will decrease.

Finally, given the empirical findings from this study it is clear that the strength of trust was found to moderate favourably the relationship between the push factors and compliance intention. This indicates that an important way of minimising the possibility of non-compliance of individuals by tax authorities is to build trust and be more accountable to the people. Therefore, creating an efficient and robust voluntary compliance mechanisms in the tax system where people can to a large extent appreciate the level of judicious use of tax revenue for the socio-economic development of the citizenry could reduce tax non-compliance.

5.3 Contributions of the Study

This study makes some relevant contributions to the tax compliance literature. Precisely, the study adds to existing literature on individuals' tax compliance by explaining from a

behavioural viewpoint factors that influence self-employed individuals to be tax compliant.

The contributions of this study are discussed as follows:

This study provides new awareness into the tax compliance discourse by examining the determinants of self-employed individuals' tax compliance intention using variables of the Extended Theory of Planned Behaviour which was extended to include perceived tax complexity. The study to the best of my knowledge is one of the first to have added perceived complexity as a new variable to the Extended Theory of Planned Behaviour variables to strengthen the reliability of the measurement model. This study highlights the fact that the tax compliance discourse at the informal sector among the self-employed individuals have received little attention by way of research despite being the largest employment sector and hence, there is no much in terms of literature compare to firm level studies and studies on why people evade. Thus, this study provides a theoretical framework for future research into compliance intention of other units.

Additionally, findings of this study provide empirical support for the inclusion of the constructs perceived tax complexity and antecedent-based intervention strategies as predictors of compliance intention. Thus, this study extends literature on the determinants of individuals' compliance intention by demonstrating with evidence that the perceived simplistic nature of a system and behavioural misdemeanours of an individual matter when examining the factors that influence individuals' compliance intention. Similarly, the study documents that a default or lazy form of compliance from individuals by exerting energy affects voluntary compliance since people will not stop exploiting the ambiguity of the tax laws and hence perceive it as a game of chance.

Looking at methodological contributions, this study used multiple variables to undertake the behavioural study such that ETPB was defined to include perceived tax complexity to further strengthen the validity and reliability of the measurement model. Employing structural equation modelling permitted hypotheses testing, evaluating measurement and structural models, concurrently assessing direct, indirect and overall effect moderation. Also, most of its features reduced errors in the study and improved value of constructs in the research model by finding and eliminating feeble measurement indicators.

5.4 Practical Implications of the Study

Findings of this study have numerous implications for GRA revenue collection strategy, taxation and accounting practice and tax administration in Ghana. Based on the study's findings, self-employed individuals' largely have the intention to be tax compliant and hence, the tax authority could take advantage of this intent educate, register and enroll more people into the tax net without stress. Interestingly, building capital on people's intent to leverage on the power of social recognition, third-party reporting and cross-check, opening new communication channels and frequent visit to clients could ensure taxpayer – authority relations against non-compliance.

Also, the results suggest the intention of individuals towards tax compliance is mostly influenced by factors such as attitude, subjective norm, moral obligation, perceived complexity and the degree of trust in the tax system and authority. Since push factors are vital predictors of intention as proxy for actual behaviour, an understanding of the factors that stimulate a willful compliance of individuals is critical in promoting actual compliance behaviour in emerging economies. Thus, tax authority and policy makers should be simple

and accommodating to existing and potential taxpayers when reviewing tax laws and content as this is strategic in ensuring voluntary compliance.

5.5 Limitations of the Study

Regardless of the contributions this study makes to academic research, the outcomes of the study are open to some limitations which future research can address. First, though the measurement instruments used in the study questionnaire are adapted from well-known scales in literature, the questionnaire structure offers no opportunity for the respondents' own views on the variables of interest. Thus, respondents were made to indirectly fit into the researchers pre-defined parameters in responding to questions.

Second, due to fear of victimisation by tax authorities although intention was used as proxy for actual behaviour, some individuals were unwilling to participate in the study and or gave inaccurate data with regards to their tax compliance intention. Notwithstanding how generic tax compliance appears, the gap between taxpayers and authorities affect openness when respondents are engaged in compliance studies.

Third, while the study provides in-depth awareness on tax compliance intention in an emerging economy from a provisional assessment perspective, it was conducted in a setting where most of the taxpayers do not appreciate voluntary compliance. Impliedly, caution must be taken in generalizing the results of this study especially to countries with very comprehensive tax systems where compliance is very high.

As a result of the above limitation of the study in addition to the fact that survey research is not without weaknesses, interpreting the results of the should be done with caution.

However, the study findings offer a reasonable justification on the compliance intention of self-employed individuals from a provisional assessment perspective of a developing economy, hence an addition to the tax compliance literature.

5.6 Suggestions for Future Research

Based on the findings of the study and the aforementioned limitations, the following recommendations are made for future research. Primarily, an important way to extend the awareness on tax compliance is for future studies to examine other determinants of tax compliance apart from those known in this study. For example, research on how the benefits of using tax experts and motivation from tax authorities affect self-employed individuals' compliance intention.

Again, future research should measure tax compliance from a self-assessment perspective using the same measurement model specifically on medium and large taxpayers. This is because a taxpayers' categorization unit informs the applicable method of assessment and hence, a good comparison on the compliance level among small, medium and large taxpayers.

Finally, the possibility of a qualitative study to gain an in-depth understanding of self-employed individuals compliance intention could be explored. For example, using interviews and focus group discussions could be used to explore new awareness into what influence individuals' intention to comply.

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APPENDIX

QUESTIONNAIRE

Dear respondent, this survey is purely an academic work in which the researchers seek to examine the determinants of individual's tax compliance intention. You are assured that all your responses will be kept stringently confidential and your anonymity is also guaranteed. Kindly respond by ticking (✓) the appropriate option in the spaces provided.

SECTION A:

Demographics

1. Gender: Male Female
2. Age: 30 and below 31-35 36-40 41 and above
3. Educational level: Non-formal Basic education Secondary Tertiary
4. How long have you been in business? below 4years 4-5years 6-7years over 7years
5. Nature of business: Agric related Commerce Services Others
6. Is your business registered with the Assembly or GRA for tax purposes? Yes No
7. Do you have a Tax Identification Number (TIN)? Yes No

SECTION B:

Using a 7-point Likert scale, appropriately rate your agreement level to each variables' indicators on how Attitude, Subjective Norm, Perceived Behavioural control, Moral obligation and Tax Complexity influences your tax compliance intention; indicating in order of conviction with a "tick" (✓) Where; 1= "Strongly Disagree (SD)," and 7= "Strongly Agree (SA)."

Attitude	<i>The individuals perceived favourableness or unfavourableness of tax compliance intention e.g. feeling on why to pay tax.</i>	1	2	3	4	5	6	7
1.	I will be disturbed if I am unable to correctly state my taxes							
2.	I will feel guilty if I cheat on my taxes							
3.	I will feel pleased if I pay less taxes							
4.	The likelihood of being audited by the GRA is low							
5.	It will be financially beneficial for me to pay less taxes							
6.	I find the concept of tax compliance very relevant							

Subjective Norm	<i>The perceived social pressure/influence of prominent individuals on taxpayers to comply with the tax laws (compliance behaviour) e.g. friends, family, co-workers, competitors etc.</i>	1	2	3	4	5	6	7
1.	My family and peers will think that I should pay less taxes							
2.	My family and peers will think that I should only pay the correct taxes							
3.	Most people who are important to me will look down on me if I cheat on taxes							
4.	Most people I know will approve of me cheating on taxes							
5.	My role models and co-workers will think filing my tax returns should exclude some income sources.							
6.	If I cheated on my taxes, most people who are important to me will disapprove							
Perceived Behavioural Control	<i>Individual's belief regarding the existence of resources and opportunities in addition to obstacles and impediments to engage in tax compliance.</i>	1	2	3	4	5	6	7
1.	With my tax knowledge, skills and resources, it will be very easy for me to pay less taxes							
2.	Due to my limited tax knowledge, skills and resources, it is hard for me to pay less taxes							
3.	I will successfully state less taxes in my tax return form if I wanted to							
4.	With my tax knowledge, skills and resources, I will have no difficulty in stating less taxes successfully							
5.	There are no barriers that will prevent me from stating less taxes successfully							
Moral Obligation	<i>Personal ethical motives, or mere conscientious duty, where there is an individual responsibility of right or wrong and good or bad of engaging in tax compliance</i>	1	2	3	4	5	6	7
1.	I think it would be morally wrong to engage in tax non-compliance							
2.	I will not feel guilty if I cheated on taxes							
3.	Cheating on taxes goes against my principles							
4.	It will be morally wrong for me to cheat on taxes							

Intention	<i>Individuals consistency and desire to pursue a behaviour as well as the amount of planned effort to be applied in order to perform the behaviour.</i>	1	2	3	4	5	6	7
1.	I will report my income fully, including all other sources							
2.	I will not attempt to cheat by omitting to report any extra income in my tax return form							
3.	I will not declare extra income which is not earned from my regular income source							
4.	I will not fail to comply with the tax laws in future							
Perceived Tax Complexity	<i>The simplification of tax laws and procedures to the individual e.g. filing, reporting and payment.</i>	1	2	3	4	5	6	7
1.	I think the terms used in tax publications (e.g. GRA guide books) and in tax return forms are difficult for people like me to understand							
2.	The sentences and wording in the Individual Income Tax Return Guide looks lengthy and not user-friendly							
3.	The rules related to individual income tax are clear							
4.	Most of the time I need to refer to others for assistance in dealing with tax matters							
5.	I will have a problem in completing and filing the tax return form(s), if they are required							
6.	I will find it tedious to maintain all my relevant records for the whole year for tax purposes (if I must complete the tax return form(s))							
7.	Most of the tax liability am given to pay after assessment made by GRA looks overstated for me to pay							
8.	I do not have to make a lot of effort to understand the explanations given in GRA guide books and other similar explanatory material							

Trust

Taxpayers limited face-to-face interaction with the government on prudent utilization of tax revenue influences their honesty level in the tax system and authorities on tax compliance issues. Please indicate your level of agreement to each of these trust indicators by a “tick” (√) on a 7-point Likert scale with 1= “strongly disagree(SD)”, and 7= “strongly agree(SA)”.

Trust	Trust in the system and authority	1	2	3	4	5	6	7
1.	Current graduated tax rates are far too high							
2.	Generally, the income tax system in Ghana is fair							

3.	Overall, the burden of tax in Ghanaian tax system has been well distributed								
4.	Tax revenue is wisely spent by the government on project and infrastructure that are beneficial to taxpayer								
5.	The taxes I must pay are not too high considering the social benefits provided by the government								
6.	GRA cares about the concerns of taxpayers when a provisional assessment is made.								
7.	GRA trust the assessment made by taxpayers themselves								
8.	GRA considers the views of average citizens on new laws over changes to their systems with much flexibility								
9.	I am satisfied with assessment and collection of tax process made by GRA								
10.	GRA gives good cooperation when taxpayers need information about tax laws								
11.	Overall, GRA is very efficient in carrying their duties and affairs with taxpayers								
12.	In my opinion, GRA can check the correctness of all the information reported in tax form submitted by taxpayers								

Antecedent-Based Intervention Strategies

Individual taxpayers intentionally under-report their earnings, whilst others overcompensate for any possible misdemeanours and pay more than they owe. In these two extremes exist a great variety of taxpayer behaviour patterns. Using a 7-point Likert scale, kindly rate the indicators according to your conviction using a “tick” (√) in order of merit how the indicators below influence(s) your intention to tax compliance, Where; 1= “least important(LI)” and 7= “most important(MI)”.

Intervention strategies	Intervention strategies that might influence compliance intention of taxpayers	1	2	3	4	5	6	7
1.	Opening new communication channels							
2.	Considering citizens opinion							
3.	Third-party reporting and cross-check							
4.	Leveraging the power of social recognition							
5.	Assistance services for compliance with tax obligation							
6.	Frequent visits to clients							
7.	Adjustment to economic, social context and new needs of citizens							

Thank you for your time.