

Tax Morale and its Drivers: Empirical Evidence from Ghana

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Abstract: Using the binary logistic regression model, this study analyzes the statistical relationships between tax morale and its drivers as developed by the World Values Survey (WVS) on 1,552 respondents in Ghana between 2010 and 2014. The findings show that age has a significant positive relationship with tax morale, whereas participation in national-level elections also has a significant positive relationship with tax morale. Secondary education and above have a positive relationship with tax morale, but the relationship is negative below secondary education. One's employment status has a positive but insignificant relationship with tax morale, but income factors have a negative relationship. Confidence in government and parliament has a positive but insignificant relationship with tax morale. Finally, preference for the redistribution of wealth has a significant positive relationship with tax morale, while trust in others has an insignificant positive relationship with tax morale. The study provides country-specific drivers of tax morale (with expanded variables) and their relationships with tax morale in direct response to a suggestion by Daude, Gutiérrez, & Melguizo in their study in 2012 and as an improvement upon a similar study conducted in Ghana by Ibrahim, Musah, & Abdul-Hanan in 2015.

Keywords: *Tax Morale, Tax Morale Drivers, Tax compliance, World Values Survey, Binary Logistic Regression Model, Ghana.*

1. Introduction

Tax researchers, administrators, and policymakers view the imposition of a tax and the associated revenues as one of the most significant contributors to economic growth (Filippin, Fiorio & Viviano, 2013). Governments can only obtain the funds required to invest in development, provide public services, alleviate poverty, and build the social and physical infrastructure necessary for sustained economic growth through the collection of taxes. However, numerous developing nations require assistance to increase domestic tax mobilization efforts (Daude et al., 2012). According to the IMF (2018), the tax-to-GDP ratio of sub-Saharan African nations is significantly lower than that of most developed nations, at less than 20 percent. A small tax base, a substantial informal sector, insufficient governance and administrative competence, low levels of per capita income, domestic savings and investment, and likely tax evasion by elites are some of the challenges faced. Several nations, the majority of which are in Sub-Saharan Africa, collect less than 17% of their gross domestic product (GDP) from taxation. The significant disparity between (low) tax enforcement policies and (high) tax compliance behaviors has recently emerged as an extensive and expanding topic of discussion in tax studies.

Numerous developing nations require assistance to address the problem posed by taxpayers who do not comply with their tax obligations (Horodnic, 2018). Even though compliance varies widely from country to country, and is frequently low, the low compliance rate is accurate. It is hard to believe that government operations in enforcement can only account for high compliance rates (Alm & McClellan, 2012). Several decades after its initial publication, the neoclassical method proposed by Allingham and Sandmo (1972) served as the standard economic model of tax noncompliance. The theory assumes that taxpayers are rational agents who maximize the utility of their taxable income by comparing the benefits and costs of complying with tax laws against the gain of avoiding paying those taxes (Lisi, 2015). Noncompliant taxpayers, therefore, engage in noncompliance when both the anticipated penalty and the risk of getting caught are relatively low in comparison to the benefit they obtain from noncompliance. As a result, governments and tax revenue administrators have devised methods to deter noncompliance by introducing and increasing both the penalties for non-compliant taxpayers and the perceived likelihood of being detected (Blaufus, Braune, Hundsdorfer & Jacob, 2015).

Problem Statement: To address the issue of tax noncompliance, tax researchers, policy makers and administrators have incorporated non-financial factors into their economics-of-crime model to provide a more holistic explanation of the drivers of tax compliance behavior. Nonetheless, the United Nations has determined that this is the minimum requirement for achieving the Millennium Development Goals (OECD, 2019). Nevertheless, compliance levels in most developing nations rarely reached the level predicted by conventional economic theory. The "intrinsic motivation" defined as inherent traits which drive individuals to pay their taxes without the application of force, also known as their "tax morale" (Lubian & Zarri, 2011), is a desirable strategy in the fight against tax noncompliance. Moreover, if cultural norms and beliefs influence the propensity of taxpayers to pay or not pay, and if these limits vary from country to country, this may influence taxpayer compliance (Alm & McClellan, 2012). Governments, tax revenue administrators, and other stakeholders around the world would benefit from a deeper understanding of the drivers of tax morale, their relationships with tax morale, and the reasons why individuals choose to participate in and comply with a country's tax system.

Both the Addis Ababa Action Agenda (AAAA) and the Sustainable Development Goals (SDGs) have emphasized and highlighted the significance of tax revenue for developing economies (OECD, 2019). This policy area has held an important place in the realm of vital policy throughout history and will continue to do so for the foreseeable future, given that taxation enables a state or government to function and fulfill its mandate. Even though there is ample empirical research on the drivers of tax morale (Bilgin, 2014; Chong & Arunachalam, 2018; Daude et al., 2012; Ibrahim, Musah & Abdul-Hanan, 2015; Luttmer & Singhal, 2014; Torgler, Demir, Macintyre & Schaffner, 2008; Trüdinger & Hildebrandt, 2013), the vast majority of the findings from these studies are frequently contradictory and inconclusive and largely apply to developed economies with highly effective tax administrations. In Ghana, tax evasion is one of many issues the Ghanaian tax administration must address (Ameyaw & Dzaka, 2016; Armah-Attoh & Awal, 2013; Ibrahim et al., 2015). Tax evasion is widespread because there are insufficient effective monitoring mechanisms for tracking tax income from tax officials and taxpayers. Multiple Ghanaian media outlets portray tax evasion as a significant economic burden for the nation (Ameyaw & Dzaka, 2016). By engaging in multiple dishonest practices, such as sending fraudulent tax payment receipts to taxpayers, taxpaying citizens view tax officers as tax evasion facilitators (Armah-Attoh & Awal, 2013).

Considering the obstacles to tax compliance, the purpose of this study is to provide a contrast between the existing studies on tax morale drivers, and emerging economies using Ghana as the case study. In addition, prior research has demonstrated that demographic, socioeconomic, and institutional factors play a role in determining the propensity of individuals to pay taxes. To provide a further understanding of country-specific drivers of tax morale, a recommendation was made for a more comprehensive study to determine developing country-specific tax morale drivers (Daude et al., 2012). To fulfill the WVS's recommendation on the need for further research into country-specific drivers of tax morale, this study employs the binary logistic regression model to analyze the data of reputable polls of public opinion conducted by the WVS between 2010 and 2014 with 155 respondents on tax morale variables (sociodemographic, educational attainment, employment, economic, trust, political involvement, democracy, and conditional cooperation) in Ghana to establish statistical relationships between these independent variables and tax morale specific to Ghana. By employing the binary logistic regression model to determine developing country-specific relationships between tax morale and its drivers, this study contributes to the existing body of knowledge on tax morale by filling this gap in the literature and provides additional impetus for the ongoing research and debate on the drivers of tax morale.

2. Review of Literature

Schmolders, (1960) and Strümpel (1969) of the Cologne School of tax psychology provided the foundation for the study into tax morale. They determined that "tax morale" was a defining factor in tax compliance behavior, but tax academics since then, have paid little attention to it for several decades (Alm & Torgler, 2004). According to these researchers, economic events require a broader lens than the traditional neoclassical one (Williams & Krasniqi, 2017). This is an important element of tax compliance behavior. In the 1990s, there was a rise in focus on tax morale, and it has become a central issue in empirical studies on tax compliance (Torgler, 2011). According to Luttmer and Singhal (2014), "tax morale" encompasses all non-

maximizing expected utility-based variables and motivations for tax compliance. They argue that individuals may pay taxes out of a sense of obligation or guilt. Individuals may comply with tax obligations if they are willing to pay taxes in exchange for benefits the state provides them or others, even if their financial gain would increase without honoring tax obligations. In addition, Luttmer and Singhal (2014) found that tax morale can be affected in two ways: first, by an individual's choices, and second, by designing government policies that cater to those interests.

According to them, tax morale is influenced by five distinct but interconnected mechanisms, each of which can operate independently but also interact and overlap with one another. There are five categories of mechanisms: "intrinsic motivation," which refers to how much a person is willing to pay in taxes; "reciprocity," which refers to how a person's relationship with the state affects the additional utility of tax payments; and "external motivation," which refers to how much a person is willing to pay in taxes. The third is peer effects and social influences, which determine the added value of a tax payment based on the opinions or actions of others. The fourth factor is long-term cultural influences on a person's desire to pay taxes. Misinformation and deviations from the objective of maximizing utility constitute the fifth mechanism. In a nationwide survey, Dorrenberg and Peichl (2018) examined the effects of progressive taxation on individual tax motivation and found that women and married individuals pay more federal and state taxes than men and single individuals. In addition, religiosity, patriotism, retirement, and employment had a positive impact on tax morale. According to Dell'Anno (2009), tax evasion is primarily caused by a lack of tax morale, as attitudes regarding honesty and social shame have a direct impact on tax morale. His model also takes into account the efficacy of policymakers in mitigating the effect of significant economic and institutional factors on tax evasion.

Madi et al. (2010) also investigated the level of tax return filing readiness required of individuals. This study focuses primarily on the Self-Assessment System (SAS) implementation in Malaysia. To determine taxable income, a series of questions based on the concept of tax literacy were administered to evaluate the individual's understanding of tax terms, deductions, and exemptions. Lago-Peas and Lago-Peas (2010) provide a summary of findings from earlier studies indicating that several factors influence tax morale. However, education and self-employment had adverse effects on tax morale. Age, religiosity, financial strain, and agreement with government decisions are all factors that improve tax morale. They contend that a rise in tax morale leads to increased tax compliance. Yew, Milanov, and McGee (2015) used an ordered probit regression model to examine the influence of sociodemographic and institutional factors on the tax motivation of Russian individuals. Their research revealed a negative correlation between the incentive to pay taxes, a person's industry of employment, and income level. Institutional factors boost tax morale, whereas sociodemographic factors have variable effects on tax morale. Ibrahim et al. (2015) investigated the factors that influence Ghanaian citizens' desire to pay taxes. They discovered a nonlinear relationship between age and tax morale in their investigation. Tax morale was unaffected by education level, marital status, patriotism, the industry of employment, satisfaction with democracy, and religious significance.

If people were content with their financial situation, trusted the government, and respected the legislature, their socioeconomic status had little effect on their willingness to pay taxes. Kemme, Parikh, and Steigner (2020) conducted a study to determine whether low tax morale is related to domestic tax evasion. Their research indicated that international stock transfers could lead to tax evasion in nations with a low tax culture. The findings demonstrated that individuals in nations with low tax morale engage in tax evasion by using tax havens as a return route. Furthermore, they discovered that foreign investors pay lower taxes than domestic investors to take advantage of tax breaks available to domestic investors (Kemme et al., 2020). Cyan, Koumpias, and Martinez-Vasquez (2016) examined the factors that influence the attitudes of Pakistani taxpayers toward tax compliance. They relied on information from a 2014 survey of Pakistani taxpayers conducted by the Federal Board of Revenue. The analysis of the data using a binary probit regression model revealed that Pakistani citizens with a lower likelihood of employment hold a more favorable view of tax compliance. In addition, those with a bachelor's degree had higher tax morale than those with a low or high level of education, relative to illiterate individuals. In addition, the study revealed that females have a significantly more positive attitude toward tax payments than males. Nonetheless, as time passed, their attitudes toward tax compliance deteriorated to the point where elderly males have a more positive view of taxes than elderly females.

Using data from the World Values Survey, Daude et al. (2012) investigated the factors that influence tax morale globally, with a focus on developing nations. According to this study, various social and economic factors, such as satisfaction with democracy, trust in government, and satisfaction with the value of public services, have a substantial effect on taxpayer attitudes toward taxes. Leonardo and Martinez-Vazquez (2016) created a conceptual model that examined the effects of morality and tax evasion on the equity of the tax system. This study indicates that tax evasion decreases as its social and moral costs increase. A person with a high income would have a harder time evading taxation and would pay more tax as a result. There is a positive correlation between tax morale and sociodemographic factors such as education, income, life satisfaction, and age, but it tends to be lower among the upper social class and higher among women and married people. Pensioners have higher tax morale than part-time workers, self-employed individuals, students, the unemployed, housewives and housekeepers, and those who engage in undeclared work.

Horodnik (2018) conducted a systematic review of the elements within informal institutions that influence tax morale and discovered that cultures, subcultures (within countries), communities, and social groups had relationships with tax morale, implying that the actions of others in a community can affect people's attitudes toward paying their fair share of taxes. According to the study, disobedience to the law is socially unacceptable, and those who disobey the law are viewed with contempt by society. Due to a lack of horizontal trust in society, the tax morale of honest taxpayers decreases when they believe that a substantial percentage of the population evades taxes. Age, education, income, and life satisfaction impact the motivation to pay taxes. Individuals in the upper socioeconomic classes have a lower tax attitude. In general, women and married people have a greater tax attitude. Self-employed individuals, part-time employees, students, housewives and housekeepers, the unemployed, and individuals performing undeclared labor pay lower tax rates than retirees. Alasfour, Samy, and Bampton (2016) investigated the factors influencing tax avoidance and compliance in Jordan and found that the level of corruption within a government influences tax morale and compliance.

This study demonstrates that tax evasion is frequently used as an excuse for wasteful government spending. In addition, public mistrust in tax systems and the government due to a lack of transparency and accountability regarding public funds increases tax evasion. In addition, the economic outputs of legislators are the primary factors upon which taxpayers base their opinions regarding the payment of taxes, according to the study. If taxpayers see and benefit from economic outputs such as improved health care, roads, low fuel prices, low prices for goods and services, etc., they are less likely to avoid paying taxes. Nyamapheni (2021) examined the factors that affect tax morale in Zimbabwe and South Africa and discovered that despite having lower living standards than South Africans; Zimbabweans have higher tax morale. According to the study, tax morale is affected by several country- and economy-specific variables. Corruption, a problem in both nations, has had a substantial effect on tax compliance. All logistic regression models demonstrate that demographic factors have a negligible impact on tax morale. The investigation into the factors that influence tax morale identified hunger as a major factor. In Zimbabwe, the study found a correlation between hunger and low tax morale, whereas, in South Africa, the hunger variable was insignificant.

3. Methodology

The WVS, which was conducted in several countries around the world, is the study's primary data source. The survey is a global research project that investigates people's values and beliefs, how they have changed over time, and how they affect society and politics. Since 1981, a group of social scientists from all over the world has done national surveys in at least 100 countries. Therefore, the World Values Survey is the only source of empirical data on attitudes that is representative of a sizeable portion of the global population (nearly 90 percent). The first wave of the WVS was conducted from 1981 to 1984, while the second wave was conducted from 1990 to 1993. The third, fourth, and fifth were conducted between 1995 and 1997, 1999 and 2001, and 2005 and 2008, respectively. The sixth study wave was finally conducted between 2010 and 2014. The subsequent survey, dubbed Wave 7, conducted between 2017 and 2022, did not include Ghana; hence, data was limited to Wave 6, conducted between 2010 and 2014. This research made use of the sixth wave of the WVS. The data from the World Values Survey can be utilized to construct a global picture of tax morale. Depending on the level of education of the interviewee, face-to-face interviews are conducted in the respondents' respective national or local languages at their homes.

The surveys are conducted by reputable scientific institutions with a solid international reputation. Under the ethical principles and norms section, the dependent variable tax morale was represented by the statement, "If I had the opportunity, I would cheat on my taxes." Responses ranged from 1 (never justifiable) to 10 (always justifiable) on a Likert scale of ten points, with 1 representing never and 10 representing always. The tax morale proxy variable was reconstructed as a dummy variable, with a value of 1 indicating respondents who selected one on the scale and a value of 0 indicating respondents who selected two to ten. Individuals who engage in tax evasion and continue to justify it are deemed to have low tax morale. Individuals with high tax morale are opposed to tax evasion and will never rationalize tax evasion. The eight categories of explanatory variables were sociodemographic factors, educational factors, employment factors, economic factors; trust in government factors, political involvement factors, democratic factors, and conditional cooperation. A micro econometric study allowed for the investigation of the relationships between these variables and the tax evasion justifications of individuals. The first explanatory variable consisted of sociodemographic variables such as gender, age, health status, marital status, and religiosity. Educational attainment factors, the second explanatory variable of the study, examined education from five perspectives: no formal education, below primary education, primary education, and tertiary education.

Employment factors including paid employment (i.e., whether they are working in a paid or income-generating profession) and chief wage earner employment were the third explanatory variable for the study (i.e., the current employment status of the chief wage earner of the household). The fourth explanatory variable was economic variables, which quantified the cash income of respondents. The fifth explanatory variable was trust in government factors, which pertain more specifically to government characteristics. Both confidence in the government and the legislature contribute to confidence in the government. The sixth factor examined respondents' participation in local and national elections. The seventh explanatory variable was democratic factors, such as the level of trust individuals have in the democratic system and whether taxing the wealthy and subsidizing the poor is an essential characteristic of democracies. It also describes the participation of respondents in local and national elections. Numerous studies (Bilgin, 2014; Chong & Arunachalam, 2018; Daude et al., 2012; Ibrahim et al., 2015; Luttmer & Singhal, 2014; Torgler et al., 2008; Trüdinger & Hildebrandt, 2013) on the factors that contribute to tax morale influenced the selection of these seven explanatory variables. This study utilized binary logistic regression analysis for its data analysis. Due to the dichotomous nature of the dependent variable, tax morale, binary logistic regression (a probability model) was utilized.

To identify the factors that contribute to tax morale, we hypothesized that the decision of whether to pay taxes is determined by a latent (unobservable) variable known as tax morale. The general model for logistic regression is denoted by:

$$Y_i^* = P(y_i^* = 1 / X_i) = \alpha + \sum \beta_i X_i + \varepsilon_i \quad (1)$$

α is the constant, β_i is the regression parameters, and ε_i is the error term that follows the normal distribution $N(0,1)$, Y_i^* represents the dependent variable, and X_i represents the independent variables.

Tax Morale is expressed in the study as follows:

$$\text{TaxMorale} = F \left(\begin{array}{l} \text{Gender, Age, Health, MaritalStatus, Religiosity, Education, PaidEmp, WageEmp,} \\ \text{CashIncome, FanSat, ConfGov, ConfParl, LocElect, NatElect, SuppDem,} \\ \text{PrefRed, TrustInOthers} \end{array} \right)$$

Tax morale is alternatively expressed as:

$$\text{TaxMorale} = P(\text{TaxMorale} = 1 / X) = \alpha_i + \beta_2 \text{Gender} + \beta_3 \text{Age} + \beta_4 \text{Health} + \beta_5 \text{MaritalStatus} + \beta_6 \text{Religiosity} \\ + \beta_7 \text{Education} + \beta_8 \text{PaidEmp} + \beta_9 \text{WageEmp} + \beta_{10} \text{CashIncome} + \beta_{11} \text{FanSat} + \beta_{12} \text{ConfGov} + \beta_{13} \text{ConfParl} \\ + \beta_{14} \text{LocElect} + \beta_{15} \text{NatElect} + \beta_{16} \text{SuppDem} + \beta_{17} \text{PrefRed} + \beta_{18} \text{TrustInOthers} + \varepsilon_i$$

$P(\text{TaxMorale} = 1/X)$ is the probability that an individual is willing to pay tax.

Gender is the gender of the respondents.

Age represents the age of the respondent.

Health represents the health status of the respondent.
Marital status is the marital status of respondents.
Religiosity represents how active respondents are in religious groups.
Education is the educational level of respondents.
PaidEmp represents paid employment which considers respondents that were categorized as part-time, full-time, and self-employed.
WageEmp represents if the chief wage earner of the household is currently employed.
Cash income is the cash income of respondents.
FanSat represents how satisfied respondents are with their current financial status.
ConfGov represents confidence in government.
ConfParl represents confidence in parliament.
LocElect represents the participation of respondents in local elections.
NatElect represents the participation of respondents in national elections.
SuppDem represents the perception of respondents regarding the support for a democratic political system.
PrefRed represents the preference for redistribution, thus whether the governments tax the rich and subsidize the poor.
TrustInOthers represents the trust that respondents have in other people.

Scope and Limitation of the Study: The study is restricted to the opinions obtained from the World Values Survey from a survey of 1,552 Ghanaian respondents interviewed between 2010 and 2014. The available survey data from 2017–2022 do not include data on opinions in Ghana, so they could not be used for this study. However, a review of the ongoing WVS with Ghana data began in 2019 and is expected to be completed in 2023, preventing its use in this study. Due to the availability of data, the scope of this study is restricted to the drivers of tax morale obtained from 2010 to 2014. Individuals' perspectives on tax obligations may have changed during and after the COVID-19 pandemic, which could render the findings out of sync with contemporary trends. It is believed that the cost-of-living crisis has affected people's attitudes toward their tax obligations, especially in developing nations where tax morale is generally low compared to developed nations. The established drivers of tax morale may have evolved to include new variables, while some of the existing variables may no longer serve as accurate predictors of an individual's tax morale.

4. Results and Discussion

This section presents the results for the descriptive statistics based on WVS data. The results for the descriptive statistics for the variables used in the model are presented in Table 1.

Descriptive Statistics: The findings of the 1,552 respondents revealed that 68.7% had good tax morale, 31.3% would always avoid taxes, 50.3% were male, and 49.7% were female. The educational attainment variable revealed that 7% had no formal education, 12.8% had lower than primary, and 43.2% had their highest level of education be primary. 60.2% were employed, 39.8% were not employed, and 61.3% had never gone without cash income. 95.1% supported taxing the rich to support the poor, while 90.3% disagreed.

Table 1: Descriptive Statistics for Variables

Variable	Mean	SD	Minimum	Maximum
<i>Dependent Variable</i>				
Tax Morale	0.687	0.464	0	1
<i>Independent Variables</i>				
<i>Sociodemographic</i>				
Gender	0.503	0.500	0	1
Age	30.925	12.703	18	82
Health Status	0.887	0.316	0	1
Marital Status	0.421	0.494	0	1
Religiosity	0.695	0.461	0	1
<i>Educational Attainment</i>				
No formal education	0.070	0.255	0	1

Variable	Mean	SD	Minimum	Maximum
Lower than primary	0.128	0.334	0	1
Primary	0.432	0.496	0	1
Secondary	0.063	0.242	0	1
Tertiary Education	0.070	0.255	0	1
<i>Employment Status</i>				
Paid employment	0.602	0.490	0	1
wage earner employment	0.879	0.326	0	1
<i>Economic</i>				
Cash income	0.613	0.487	0	1
Financial satisfaction	0.041	0.199	0	1
<i>Trust</i>				
Confidence in government	0.587	0.493	0	1
Confidence in parliament	0.542	0.498	0	1
<i>Political Involvement</i>				
Local level elections	0.540	0.499	0	1
National level election	0.685	0.465	0	1
<i>Democratic</i>				
Support for democracy	0.951	0.216	0	1
Preference for redistribution	0.097	0.296	0	1
<i>Conditional Cooperation</i>				
Trust in others	0.117	0.322	0	1

Tax Morale and Socio-Demographic Factors: Gender does not have a significant effect on tax morale, but the age of respondents has a significant and positive effect. Health status also has a negative effect, suggesting that an increase in the health status of citizens will increase their tax obligations. Tie taxes to government expenditures, especially health expenditures, may make people more willing to pay more taxes. Religious practices may restrict criminal behavior, but there is insufficient data to support the claim that religiosity affects tax morale.

Tax Morale and Educational Attainment: Educational attainment does not influence tax morale, while secondary and tertiary education positively affects it. Torgler and Schaltegger (2006) argue that educated taxpayers have higher knowledge of tax laws and fiscal relations.

Tax Morale and Employment Status: The study found no significant relationship between employment and tax morale, with a positive relationship between paid and wage-earner employment. Occupational status is not significant, except in transitional countries where it is predominantly significant with a negative sign.

Tax Morale and Economic Factors: According to the results of the probit model, there is no significant relationship between economic factors and tax morale. The results corroborate the findings of Bilgin (2014), who examined the determinants of tax morale in Turkey and Spain using WVS data and discovered a non-significant relationship between income and tax morale in Turkey. In Spain, they discovered a significant correlation between income and tax morale. According to McGee (2012), individuals with higher incomes are less likely to have a negative attitude toward taxes. Therefore, to improve equity, some nations have altered their tax systems so that wealthy people shoulder a greater proportion of the total tax burden. These reforms are likely to increase the motivation of wealthy tax evaders to avoid paying their fair share of taxes. According to Trüdinger and Hildebrandt (2013), income disparity has a significant negative impact on taxpayer morale. This is a significant finding that highlights the reality that the degree to which a society is economically homogeneous affects individuals' incentives to pay taxes to the state.

Tax Morale and Trust: Trust in the government had a positive but non-significant effect on tax morale, while trust in the legislature had a positive impact. Martinez-Vazquez, Koumpias, and Leonardo (2021) found a correlation between higher tax morale and greater trust in government organizations. Cyan et al. (2016) argued that trust in output-side government agencies is a more accurate predictor of tax morale. Chong and Arunachalam (2018) found that trust has a significant impact on tax compliance. Social trust in government is

the belief that the government formulates policies and conducts operations for the benefit of its citizens, which encourages taxpayers to embrace enforced compliance.

Tax Morale and Political Involvement: This study found a positive correlation between local election participation and tax morale, but a negative effect on national elections. This is consistent with Torgler (2003), who found that direct democracy significantly increases tax morale. Wahl, Muehlbacher, and Kirchler (2010) conducted two experiments to determine if taxpayers' cooperation was influenced by their participation in government decisions. Experiment 2 showed that tax payments are at their lowest in a tax simulation when participants profit from tax payments and cannot vote.

Tax Morale and Democracy: The study found a positive but non-significant correlation between democratic support and tax morale, suggesting that tax morale is higher the greater the support for democracy. It also found a significant positive correlation between tax morale and redistribution preferences, suggesting that people believe the government should tax the wealthy and subsidize the poor. This suggests that public support for the government is essential for establishing fiscal legitimacy and could result in greater fiscal revenue returns than compliance alone. Yamamura (2014), Gaviria, Graham, and Braido (2007), and McGee (2016) all suggest that the poor, those with fewer upward mobility prospects, and those who believe market outcomes are unfair will want a high level of redistribution and a significant role in government. McGee (2016) used WVS data to determine the extent to which individuals believe that taxing the wealthy and subsidizing the poor is a necessary element of a democratic society. The mean total score was 5.04, indicating a strong opinion that redistribution of wealth was a legitimate government function. Age-related declines indicate an increase in opposition to wealth redistribution.

Tax Morale and Conditional Cooperation: The study found that trust in others has a weak positive correlation with tax-based morale, but the coefficient for trust in others was positive, indicating that the greater a person's trust in others, the greater their tax motivation. This is consistent with those of Kondelaji et al. (2016), who found a positive and statistically significant correlation between trust in others and tax morale. Traxler (2010) investigated the motivations for tax compliance using the concept of tax morale as a social norm for tax compliance, and his findings indicate that people's willingness to commit tax fraud is influenced by their perceptions of what their neighbors are doing. Tax evasion is easier to conceal when more people engage in it, and the perception of the behavior of other taxpayers has a significant impact on the behavior of individual taxpayers.

Table 2: Probit Model Results

Variable	Coeff.	Std. Err.	z-Stat.	P> z	Marg. Eff.
Constant	0.68266	0.41380	1.65	0.099	-
<i>Sociodemographic</i>					
Gender	-0.08998	0.11609	-0.78	0.438	-0.01888
Age	0.01735	0.00567	3.06	0.002	0.00364
Health Status	0.03216	0.18202	0.18	0.860	0.00675
Marital Status	0.09692	0.12915	0.75	0.453	0.02034
Religiosity	-0.08581	0.12392	-0.69	0.489	-0.01801
<i>Educational Attainment</i>					
No formal education	-0.05017	0.26488	-0.19	0.850	-0.01053
Lower than primary	-0.10512	0.21285	-0.49	0.621	-0.02206
Primary	-0.13834	0.15940	-0.87	0.385	-0.02903
Secondary	0.11697	0.20560	0.57	0.569	0.02455
Tertiary Education	0.40171	0.27699	1.45	0.147	0.08430
<i>Employment Status</i>					

Paid employment	0.18817	0.12724	1.48	0.139	0.03949
wage earner employment	-0.25065	0.18151	-1.38	0.167	-0.05260
<i>Economic</i>					
Cash income	-0.10752	0.11772	-0.91	0.361	-0.02256
Financial satisfaction	0.48072	0.31470	1.53	0.127	0.10088
<i>Trust</i>					
Confidence in government	0.08219	0.12536	0.66	0.512	0.01725
Confidence in parliament	0.00411	0.12416	0.03	0.974	0.00086
<i>Political Involvement</i>					
Local level elections	0.01500	0.14763	0.10	0.919	0.00315
National level elections	-0.47511	0.16529	-2.87	0.004	-0.09970
<i>Democratic</i>					
Support for democracy	0.05660	0.26271	0.22	0.829	0.01188
Preference for redistribution	0.40793	0.20411	2.00	0.046	0.08560
<i>Conditional Cooperation</i>					
Trust in others	0.08772	0.17237	0.51	0.611	0.01886
Number of Obs.	1,552				
LR chi2(21)	38.76				
Prob > chi2	0.0105				
Pseudo R2	0.0201				

5. Conclusions and Policy Implications

The study determined the relationships between tax morale and drivers in Ghana using data from the sixth wave of the WVS from 2010–2014. The findings show that age has a significant positive relationship with tax morale among the sociodemographic factors, while participation in national-level elections has a significant positive relationship with tax morale among the political involvement factors, as shown in Table 2 of the results of the probit model. The relationship between secondary education and tax morale is positive but insignificant above secondary education and negative but insignificant below secondary education. The employment status of an individual has a positive but insignificant correlation with tax morale and a negative correlation with income factors. Tax morale has a positive but insignificant relationship with confidence in the government and parliament. The relationship between preference for the redistribution of wealth and tax morale is significantly positive.

While the relationship between trust in others and tax morale is positive but statistically insignificant, the relationship between local election participation and tax morale is positive but insignificant. There is a statistically significant positive correlation between participation in national elections and tax morale. Moreover, the findings suggest that conditional cooperation, or "trust in others," has little impact on tax morale. Individuals with strong interpersonal relationships are less likely to avoid paying taxes, according to the findings. The study's results add new information to the study of tax morale and could help tax officials in Ghana and other countries better understand the links between tax morale and its causes and come up with policies and strategies to improve tax morale and get more people to pay their taxes. To eliminate the incentives for people to cheat on their taxes, it is recommended that trust must be established between the people and the government, and the youth with the greatest incentives to cheat must be educated and supported in their civic responsibilities.

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