

UNIVERSITY OF CAPE COAST

**TAX COMPLIANCE AMONG SELF-EMPLOYED IN THE BAWKU
WEST DISTRICT OF GHANA**

BY

MBILLA SIMON AKUMBO EUGENE

**Thesis submitted to the Department of Accounting, School of Business,
College of Humanities and Legal Studies, University of Cape Coast in
partial fulfillment of the requirement for the award of Master of
Commerce Degree in Accounting**

March, 2018

DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of this work has been presented for another degree in this university or elsewhere.

Candidate's Signature.....Date.....

Name: Mbilla Simon Akumbo Eugene

Supervisor's Declaration

I hereby declare that the preparation and presentation of this thesis was supervised in accordance with the guidelines and supervision of thesis laid down by the University.

Principal Supervisor's Signature Date.....

Name: Mr. Stephen Asante

Co-supervisor's Signature;Date

Name: Mr. Emmanuel Arhin

ABSTRACT

Issue of tax non-compliance has remained a major canker in Ghana because of deliberate attempt of people not to file and pay their taxes. Few investigations on the drivers of tax compliance behaviour have revealed mixed findings because they were not able to establish a comprehensive factor that drive people to comply with tax obligation. The dearth of clarity on what drives people to comply with tax limits a proper understanding on tax policy formulation. In view of this, the study explored how tax compliance drives tax compliance behaviour among self-employed in the Bawku West District. The study proposed a comprehensive framework that institutional factors, economic factors, individual factors and social factors drive tax obligation behaviour among self-employed. This study employed the quantitative approach with both cluster and convenience sampling technique and questionnaire as data collection instrument. SPSS was used for processing data while Structural Equation Model (SEM) was used to test the four hypotheses. The study result shows that, among the four factors, institutional, individual and social factors are the key determinants of tax compliance among self-employed. The study did not find any positive relationship between economic factors and tax compliance behaviour. The study recommended that tax authorities must simplify all the complex processes that tax payers go through during tax filling. Government may consider employing mobile money services to help facilitate tax payment among self-employed.

KEY WORDS

GDP	Gross Domestic Product
GRA	Ghana Revenue Authority
MSME	Micro, Medium and Small Enterprises
MMDA	Metropolitan, Municipal and District Assemblies
SPSS	Statistical Package for Social Sciences
SEM	Structural Equation Model
SME	Small and Medium Enterprises
TVE	Total Variance Explained
VAT	Value Added Tax
TC	Tax Compliance
SE	Self Employed
VIT	Vehicle Income Tax

ACKNOWLEDGEMENT

I express my deepest sincere gratitude to my supervisors, Mr. Stephen Asante and Mr. Emmanuel Arhin for the timely guidance, encouragement and constructive advice offered me throughout this research work. I have been extremely fortunate to have a supervisor who offered me his time out of his busy schedule to respond promptly to my questions and queries.

I am also grateful to the faculty of the university and colleagues for their support and encouragement they offered me throughout the writing of this research report.

To you all, I say thank you.

DEDICATION

To my parents Mr. & Mrs. Mbilla Alale and my beloved family especially my brother Elder Peter Mbilla and Rev. Bishop Jacob Ayeebo, who is also my spiritual father.

TABLE OF CONTENTS

	Page
DECLARATION	ii
ABSTRCT	iii
KEY WORDS	iv
ACKNOWLEDGEMENTS	v
DEDICATION	vi
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE: INTRODUCTION	
Background to the study	1
Statement of the Problem	6
Purpose of the study	8
Research Objectives	9
Research Hypotheses	9
Significance of the Study	10
Scope	10
Limitation	10
Definition of Terms	11
Chapter Organization	11
CHAPTER TWO: LITERAETURE REVIEW	
Introduction	13
Theoretical Review	13
Theoretical Foundation	13
Review and definition of Concepts	15

Concept of Taxation	15
Objectives of Taxation	17
Concept of Tax Compliance	18
Perceptions of Tax compliance	20
Drivers of Tax Compliance Behaviour among Self-employed	24
Drivers of Tax Compliance	32
Self-employed	36
Conceptual Framework	41
Measurement Variables and Lessons Learnt	43
Chapter Summary	44
CHAPTER THREE: RESEARCH METHODS	
Introduction	45
Research Approach	45
Research Design	46
Study Area	47
Study Population	49
Sampling Procedure	49
Data Collection Instrument	50
Content and Design of Questionnaire	51
Data Management and Analysis	52
Ethics	53
Field Challenges	53
Chapter Summary	54
CHAPTER FOUR: RESSULT AND DISCUSSION	
Introduction	55

Descriptive Analysis on Demographic factors	55
Exploratory Factor Analysis	60
Confirmatory Factor Analysis	65
SEM for Dependent and Independent Variables	67
Discussion of Result	73
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECCOMENDATIONS	
Introduction	77
Summary	77
Conclusions	79
Recommendations	80
Suggestion for Future Research	81
References	83
Appendix A Research Questionnaire	96

LIST OF TABLES

	Page
4.1 Descriptive Characteristics of Respondents	56
4.2 Descriptive Statistics of Measurement Statements	58
4.3 Validity and reliability Test Result	61
4.4 Descriptive statistics of measurement statements	63
4.5 Model Fit Measures for Final Measurement Model	66
4.6 Summary of Study Hypotheses Result	70
4.7 Demographic Characteristic and Tax Compliance	71

LIST OF FIGURES

	Page
1 Conceptual Framework	43
2 Structural Equation Model	68

CHAPTER ONE

INTRODUCTION

Background to the Study

As with most developed and developing countries that have pursued economic and structural reforms, Ghana has been undergoing legal amendment from Income Tax Ordinance (No. 27) in 1943 (Agyeman, 2005) to current Income Tax Act 2015 (Act 896). This transformation has become eminent because of the demand on government to improve her commitments toward her citizens (Akakpo, 2009). To ensure sufficient funds to discharge her mandate, tax authorities enforce tax compliance-mainly through different tax compliance measures such as inducing, audits systems and fines. Several studies have empirically found different drivers or determinants of tax compliance behaviour. This study therefore explores the influence of these tax drivers on actual compliance behaviour among self-employed in the Bawku West District of Ghana. Four essential drivers remained dominants in literature as the main drivers of tax compliance behaviour. In view of this research, the study focused on investigating the effects of institutional factors: economic factors, individual factors and social factors on tax compliance behaviour among self-employed in the Bawku West District.

In the 21st century, governments across the globe have undoubtedly changed their revenue collection strategy aimed at improving revenue collection. The change in revenue collection strategies has been occasioned due to the high demand on government to improve their social commitments to the citizenry. One central revenue source to government that has become

common in the global economy is “Tax”. Taxation has become an old-age source of generating revenue for governments.

From a general perspective across the globe, tax represents a compulsory, unrequited payment to central government (Organisation for Economic Co-operation and Development, 2012). Tax is also a compulsory levy by law (Abukari, 2017). It is imposed on the citizens or non-citizens residents in/of nation in order to raise revenue to finance government fiscal obligations (Mukasa, 2011). In many developed and developing nations, the system of taxation has reposed inherent power in the state and or its legal authorities to impose and demand contribution upon persons, properties for the purpose of generating revenue for public purposes (Yin, Wemah & Abugre, 2016). It is therefore worth noting that, countries across the globe have individual tax regimes and systems peculiar to the country.

In developing countries, raising more domestic revenue is a priority (Drummond, Daal, Srivastava & Oliveira, 2012). In developing nations, because of the poor revenue sources from export and other non-tax revenue streams, direct and indirect taxation has become a significant source of revenue for central governments (Bird, 2003). In many developing nation, taxation plays a significant role in the economic development through the financing of social and infrastructural projects. Despite the significant influence of tax revenue on the socio-economic lives of the people, many developing countries, particularly Ghana is unable to generate the needed tax revenue for national development (Adamopoulos, 2010; Fuest & Riedel, 2009), hence, the issues of tax compliance comes into question.

In Ghana, revenue generated from the taxation of individuals and businesses is an important stream of income for government (Atawodi & Ojeka, 2012). According to the income tax Act, 2015 (Act 896), an income of a person from a business in a given year of assessment represent the gains and profits of that person from the business. Therefore irrespective of the nature of business that an individual is engaged in must pay the appropriate tax on the income. Over the years, attempt by government authorities to engage these individuals to pay their tax obligations have not been too successful. Ensuring tax compliance in Ghana have become essential that taxes are necessary to finance desired public spending to ensure that the burden of paying for such spending is fairly distributed (Mukasa, 2011).

Tax compliance has remained an economic scourge for every government. Defined by the income tax Act, 2015 (Act 896), tax compliance is 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. Tax compliance depict a high level of responsiveness of taxpayers in obligating and meeting tax obligation voluntarily or when called upon to do so by tax authorities (Yin et al., 2016). The Ghana Revenue Authority (GRA) has also introduced the self-assessment system on business organizations to improve tax compliance (Ghana Revenue Authority, 2013).

Voluntarily, all citizen including individuals and micro, small, medium and large corporate organizations are obliged by law to contribute their quota to government revenue basket. One critical and relevant group of tax contributors that are often neglected in the revenue collection stream is the micro-business, often known as the self-employed. Some Self-employed are

individual business owners who are working for themselves. The nature and size of self-employed businesses means that they operate in relatively small professional organizations. Camel (2000) defines self-employed to 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”.

Self-employed do not normally register with appropriate tax and legal authorities, hence the potential to evade taxes and other statutory obligations. This will pose a greater challenge to government revenue collection since studies have revealed that, about 70 percent in Sub-Saharan Africa, 62 percent in North Africa, 60 percent in Latin America and 59 percent in Asia are self-employed (Adom & Williams, 2012). These statistics depict the negative effects that a country stands to suffer whenever the self-employed do not comply with tax obligation.

Over the years, researchers have investigated the factors that influence tax compliance among the self-employed. Several studies have concluded that penalties can have undesired means to influence tax compliance among the self-employed (Asante & Seidu, 2011; Young, 2011; Kirchler, Hoelzl, & Wahl, 2008). Important to many discourse, Kirchler (2007) and Loo (2006) explained that determinant of tax compliance particularly among small businesses are classified into four categories.

Even though income tax Act, 2015 Act (896) section 22 stipulate various measures that the Commissioner-General may use to ensure that people file and pay their statutory obligation. Kirchler (2007) and Loo (2006) found four categories of tax compliance which include 1) economic factors

(tax rates, tax audits and perceptions of government spending); 2) institutional factors (the role of the tax authority, simplicity of the tax returns and administration and probability of detection); 3) social factors (ethics and attitude, perceptions of equity and fairness, political affiliation and changes on current government policy, referent groups); and 4) individual factors (personal financial constraints, awareness of offences and of penalties).

Taxpayer' perception of the tax system and towards his or her legal obligation to pay tax to the government is important (Yakubu, 2015; Feld & dan Frey, 2002; Torgler, Demir, Macintyre & dan Schaffner, 2008).

A cursory view of Bawku West District of Ghana reveals some fundamental issues regarding tax compliance behaviour of individuals who operate their own business, particularly businesses operated in the house (self-employed). From a cursory view, these individuals do not turn up for business when there is information of tax authorities in the area. Abdallah and Hamza (2015) noted that, in Northern Ghana, micro entrepreneurs generally do not want to comply with tax which can be partly explained by illiteracy. Within the study context, a number of factors contribute to the difficulty in taxing these self-employed, despite the fact that the self-employed form 72.3 percent of the total active populations (Ghana Statistical Service [GSS], 2010). Amongst these challenges include poor standard of keeping financial records (Naporow, 2015), no permanent place of operation (Gill, 2003) among others.

The revenue agencies in the country year-by- year claim to be exceeding their revenue targets (Ministry of Finance, 2013), yet tax revenues in the Northern Districts of Ghana are very low and inadequate (Ministry of Finance, 2014). This understanding resonates with literature report that,

businesses, when given the chance will not pay taxes unless there is a motivation to do so (Atawodi & Ojeka, 2012). It is at the backdrop of this that the study is conducted in Bawku West District in order to assess the factors influencing tax compliance behaviour among the self-employed in the Bawku West District.

Even though studies have been done on the determinants of tax compliance in Ghana (Abukari, 2017; Sachibu, 2012), this study is important and different because it seeks to investigate multiple determinants of tax compliance which is scarcely investigated in Bawku West District in Ghana. This study provides the relevant information to various stakeholders including government and policy makers on the need to improve the tax compliance system, hence improve tax revenue.

Statement of the Problem and Research Gaps

Studies examining the determinants of tax compliance appear to be independent, mixed and unclear (Sachibu, 2012). Quite profoundly, some researchers have found that strict penalties and regulations on tax compliance yield undesirable effect and result in more tax avoidance (Abdallah, 2014; Palil, 2010; Abukari, 2017; Kirchler, Hoelzl & Wahl, 2008) while other studies argue that, tax penalty is the most important factor that affects payment of taxes by instilling positive tax character among citizens (Chau & Leung, 2009; Feld & Frey, 2002). From theoretical perspective, the economic based theory (deterrence theory) also appears to contradict literature findings to the effect that audit and penalties for non-compliance should be increased to enhance compliance (Young, 2011)

In fact studies have outlined multiple sources of determinants of tax compliance including: persuasion and cooperation (Mukasa, 2011) rewards (Yakubu, 2015), audit rates and tax rates (Abdallah, 2014; Mukasa, 2011; Sour, 2002), audit and penalties for non-compliance (Young, 2011). Extensive studies as identified above are not able to find clear specific determinants of tax compliance particularly among the self-employed. The dearth of studies particularly among the self-employed in rural areas limits complete understanding regarding determinants of tax compliance.

There have been several studies on tax compliance in Ghana, but only few studies focused in Districts in Northern part of Ghana (Abukari, 2017). For instance, Sachibu (2012), in his study on reasons for low tax compliance in Bakwu, concludes that the culture of entitlements contributed to non-tax compliance. Sachibu's study focused on general taxpayers unlike this study which narrows the study to micro-firms such as self-employed. Stephen, Abdallah and Hamza (2015) in their article on the drivers of tax compliance indicate that there were more non-compliant to tax laws and rules which requires more investigation for such reasons.

Stephen et al. (2015) covered only 80 Small businesses and the study also limited the tax compliance factors to only demographic variables. Similarly, Yakubu (2015) made a study on Promoting Income Tax Compliance among the Self-employed in Tamale and concludes that the self-employed with no or less education are highly income tax non-compliant. Yakubu (2015) noted that literacy level of people is however not the only determinant of compliance behavior, hence more investigation is needed to understand other factors that influence tax compliance. In the light of these

gaps that existed in literature, a broader assessment of determinants of tax compliance particularly in the Bawku West District is required.

Other studies have also found some essential factors influencing tax compliance among the self-employed, but these studies have produced inconsistent results. Studies have identified several factors such as complexity of the tax system (Atawodi & Ojeke, 2012), financial situation of the self-employed (Bloomquist, 2003; Torgler & Valev, 2007), age (Richardson & Sawyer, 2001; Ritsema, Thomas, & Ferrier, 2003), gender (Richardson & Sawyer, 2001; Torgler & Valev, 2007), education (Chan, Troutman, & O'Bryan, 2000; Kucera, 2002), income sources (Mohani, 2003; Ritsema & Thomas, 2003), perceived fairness of tax system, ethics or morale factors (Kasipillai 2003; Singh, 2003) and attitude (Kirchler et al., 2008; Trivedi, Shehata & Mestelman, 2005). To address these gaps, this research sought to contribute and to understand the clear drivers of tax compliance behaviour among self-employed in emerging county.

Purpose of the Study

Based on the gap identified, the purpose of the study is to assess the influence of drivers of tax compliance on tax compliance behaviour. The study therefore seeks to investigate how institutional, economic, individual factors and social factors influence tax compliance behaviour in Bawku West District.

Research Objectives

The objectives of this study are to:

1. examine the influence of institutional factors on tax compliance behaviour among the self-employed in the Bawku West District in Ghana.
2. determine the influence of economic factors on tax compliance behaviour among the self-employed in the Bawku West District in Ghana.
3. assess the influence of individual factors on tax compliance behaviour in Ghana.
among the self-employed in the Bawku West District in Ghana.
4. among the self-employed in the Bawku West District in Ghana.
5. examine the influence of social factors on tax compliance behaviour among the self-employed in the Bawku West District in Ghana.

Research Hypotheses

Based on the research objectives, the following hypothesis were formulated

H1: There is direct positive influence of institutional factors on tax compliance behavior among the self-employed in the Bawku West District

H2: There is direct positive influence of economic factors on tax compliance behavior among the self-employed in the Bawku West District

H3: There is direct positive influence of individual factors on tax compliance behavior among the self-employed in the Bawku West District

H4: There is direct positive influence of social factors on tax compliance behavior among the self-employed in the Bawku West District

Significance of the Study

The implication of the study is viewed along three strands: research, practice and policy. Significance to research: the study adds to the body of knowledge by investigating into the factors that influence tax compliance among the self-employed in the Bawku West District. With respect to practice, the self-employed will also find this study useful in that, it will help them understand their moral obligations behind tax payment and the benefits that are derived when one complies. Lastly, the study will provide feedback to government on policies or measures to be undertaken to promote voluntary tax compliance among the self-employed.

Scope of the Study

One fundamental issue regarding the study is limitation on only self-employed. This therefore means that findings from the study are only limited to the self-employed and businesses that shares similar characteristics. Again, respondents who may be assisted to complete the questionnaire possess a possibility of not answering the questionnaire as expected due to the busy nature of the self-employed. These limitations posed no serious threat to the study findings.

Limitation

Considering the fact that questions would have to be translated into the local language for respondents to understand and respond appropriately poses a serious threat to the study but the integrity of the study's results remains same and still applicable. In spite of all the above confronting variables/problems, conscious efforts were been made to bring these limitations to a negligible level, making the findings reliable and authentic.

Definition of Terms

Tax	A compulsory financial contribution imposed by a central government of the citizens/residents of the country as a form of revenue mobilization for economic development and provision of social good.
Tax Compliance	The extent to which a tax payer obliges with the tax rules and regulations of a country.
Tax Evasion	Tax evasion refers to the conscious and unconscious effort of an eligible tax payer to fail to fulfill his/her tax obligation.
Tax Obligation	The responsibility of honouring tax payment and declaring of tax return by a person who is duly registered as a tax payer.
Self Employed	Individual who personally operate and manage a venture without any external influence and control.

Chapter Organization

Chapter one introduces the entire study with a general background to the study, research problems, study objectives, research questions, significance. The second chapter reviews concepts and theories underpinning the study. The chapter also presents empirical review and a conceptual framework presenting the influence of these drivers or determinants of tax compliance among the self-employed. Chapter three sheds more light and discusses the research methodology of the study. Chapter four discusses the findings and report on the study result. In the final chapter, the researcher summarizes the findings and thereby providing answers to the research

questions. The necessary recommendations were made from the findings to inform policy action and directive.

CHAPTER TWO

LITERATURE REVIEW

Introduction

In this Chapter, the study presents the theoretical review, empirical review, and theoretical/conceptual framework. The theoretical review explains the concept of self-employment, the concept of taxation and tax compliance, perspectives of determinant of tax compliance. The study further reviews empirical literature relating to the relationship between factors influencing tax compliance and tax compliance behaviour among the self-employed. A conceptual framework was also developed to illustrate the researchers' idea on how the research topic is explored.

Theoretical Review

This section of Chapter two "literature review" discusses the basic concepts of taxation, objectives of taxation, perception of taxation, tax compliance, drivers of tax compliance, and compliance behaviour.

Theoretical Foundation

Fiscal Psychological Theory

One of the earliest studies on tax evasion which explored a "tax mentality" concept was presented by Schmolders (1960). The concept is based on the assumption that taxpayers have separate views with respect to looking after their self-interest as opposed to contributing to community interests. In this regard the more positive a taxpayer's attitude towards paying tax and working with the tax authorities is the higher the level of compliance

Song and Yarbrough (1978); Vogel (1974) examined the impact of ethical values upon taxpayers' compliance or the beliefs and values taxpayers placed on certain elements of the tax system. Their study concluded that non-economic variables like equity and morals were found to be significantly related to compliance behaviour. One fundamental theory that aligns with the understanding of tax compliance behaviour is the Fiscal psychological theory. The fiscal psychological model was adopted for this study to understand the relationship between drivers of tax compliance and tax compliance behaviour.

According to Ajzen and Fishbein (1980), the Fiscal psychological theory was further developed which indicated that taxpayers' behaviour is directly determined by their intentions that are functions of their attitude towards behaviour and perception of subjective norms. The basic tenant within the FPT stipulates that tax enforcement is a behavioural problem, thus people will comply with tax obligation through understanding and co-operation between government (tax collector) and taxpayer. According to Ajzen & Fishbein (1980), the FPT which is based on the assumption that human beings are usually quite rational and make systematic use of information available to them. People will consider the implication of their actions before they decide to engage or not to engage in a given behaviour (Ajzen & Fishbein, 1980).

Additionally, the model explains that the willingness of taxpayers to pay their taxes is likely to be low if they do not clearly see the real benefits of their tax payment. Thus if the government uses the taxes collected, judiciously to provide benefits for the taxpayers, then taxpayers will also reciprocate by paying their taxes without any thought of evasion. However where the government is perceived as being corrupt and misuse tax revenue, then

taxpayers will be unwilling to pay their tax because they believe that it will not be used for their benefit (Asante & Seidu, 2011).

The study looks at determinant of tax compliance among self-employed. Based on the foregoing, this study adopted the fiscal psychological theory since attitude, norms, perception as well as tax knowledge influence tax compliance. The theory suggest that perceived factors like perception of equity and government spending as well as the ethical values of the taxpayers influence voluntary compliance (Spicer, 1974). It is also argued by Vogel (1974) that taxpayers' knowledge on these sociological factors may have impact on tax compliance thus, the need to measure taxpayers' knowledge.

Review and Definition of Concepts

Concept of taxation

Taxation started in the form of customs duty in 1850 (Asante & Marfo-Yiadom, 2010). It was levied on imported goods at the rate of 0.5% advalorem, and administered by a principal collector stationed at Cape Coast Castle (Asante & Marfo-Yiadom, 2010). Over the years, taxation has become an inherent power of the state to impose and demand contribution for public purposes (Yin et al., 2016). It is the principal means through which governments attempt to redistribute nation's wealth to establish social equilibrium among people (Atawodi & Ojeka, 2012).

Stated differently, taxation is a compulsory levy imposed on the citizens of a nation by an authority so as to raise financial resources to finance the Government's expenditure over a given fiscal year. The sources of tax revenue in Ghana are from direct taxes and indirect taxes (Abdallah, 2014). The direct taxes are imposed on incomes and wealth of tax payers such

as income tax, corporate tax, capital gain tax as well as gift tax (Agyeman, 2005). The indirect taxes are imposed on consumption expenditure such as value added tax, import and export duty and communication service tax (Abdallah, 2014).

Taxation plays a significant role in the economic development of every nation through the financing of social and infrastructural projects. In Ghana, Tax revenue is very critical to the development of the country since it constitutes a large proportion of the total revenue of the country (Ministry of Finance, 2013). It also helps in the distribution of resources, sharing of revenue and correcting negative externalities such as the protection of domestic industry by limiting imports. The provision of public services and infrastructure funded by tax revenues is a key factor for economic growth and development. But many developing countries are not able to generate the needed tax revenue for national development (Adamopoulos, 2010; Fuest & Riedel, 2009).

Tax revenue is very critical to the development of the country since it constitutes a large proportion of the total revenue of the country (Ministry of Finance, 2013). In 2011, tax revenue represented 80% of the total revenue, and rose to 84% in 2012 (Controller & Accountant General, 2012). With the growing expenditure of government and increasing government borrowings (Ministry of Finance, 2014) the need to improve the efficiency of generating tax revenue in the country is required to finance these expenditures and reduce the public debt. Moving a nation with scarce financial resources is similar to the use of a car with less or no oil. Thus, taxes are the lifeblood of any economy (Ankrah, 2014).

Objectives of taxation

The main source of generating revenue for the state is through taxation (Abdallah, 2014). A number of reasons have been recognised for tax obligation on the citizenry. The overriding objective of taxation is to generate revenue from citizens and economically active residents so as to finance government expenditures. Across the world, taxation has been very useful to various countries. According to Palil (2010), government generates tax revenue for public expenditure and helps in reducing inequalities through a policy of redistribution of income.

Similarly, Bird (2003) indicates that tax revenue ensures the attainment of economic goals through allocation of resources. Furthermore, Mukasa (2011) argues that tax revenues are used to finance the national budget and control the economy and protection of local industries. Finally, tax revenues are used to redistribute income to help the less well-off and also used to restrain the consumption of certain type of products (Wang, 2010). Until then, the MSMEs were mostly outside the tax net (Yin et al., 2016).

These same reasons hold for the imposition of tax on the self-employed. One principal reason for taxing the self-employed is to create the required amount of revenue for the government to implement developmental projects to better the lives of the citizenry. It is the light of this that governments must make every possible effort to tax every individual including self-businessmen who must be taxed through the institution appropriate procedures to limit tax non-compliance among taxpayers (Naporow, 2015). Stated differently, a country loses huge sum of revenue if right actions are not

taken to tax the self-employed in the informal sector of the economy (Schneider & Enste, 2003).

According to Agyei (2004) only 20 percent of the working population is earning wage and salary and could easily be identified and taxed by the state. The remaining work forces are self-employed, mostly in trading, artisanal and farming. It has been difficult, if not impossible, most of the time to identify these taxpayers, let alone verifying their income on which tax is charged. The problem in identifying self-employed taxpayers can partly be attributable to the lack of discretionary income reporting among self-employed persons.

Employers are mandated to report employees' income to the appropriate agencies for taxation. In contrast, the income of self-employed individuals is not, by law, subject to any third party reporting requirements. There is, therefore, the likelihood of the tax machinery is cramping on the wage or salaried earner whilst leaving the self-employed persons who form the chunk of the working class untaxed (Naporow, 2015). Having discusses the context of tax and taxation the researcher proceeded to discuss the issue of tax compliance.

Concept of Tax Compliance

Tax compliance has been largely explained by scholars from various field including management, economic and commerce, academics, professionals, and government agencies. In pure administrative terms, tax Compliance includes registering or informing tax authorities of status as a taxpayer, submitting a tax return every year (if required) and following the required payment time frames (Ming et al., 2005). Young (2011) also defined

tax compliance as reporting of all incomes and paying of all taxes by fulfilling the provisions of tax laws, regulations and court judgments.

Singh (2003) added that tax compliance is a person's act of filing Income Tax Forms, declaring all taxable income accurately, and paying off all tax liabilities within the stipulated period without having to wait for follow-up actions from the tax authority. Indeed, taxpayers need to prepare all the relevant information in the Income Tax Forms within the period given, and the forms must report accurate tax liability in accordance with the needs of laws, regulations and court judgments.

The first Income Tax Law was the Income Tax Ordinance (No. 27), 1943 (Agyeman, 2005). Over the years several laws of taxation have been developed and amended to meet changing trends in revenue collection. The regulation includes registering or informing tax authorities of status as a tax payer, submitting a tax return every year (if required), and following the required payment time frames (Ming et al., 2005). It is an admitted fact that the central aim of an effective tax administration system is to encourage the voluntary compliance of tax, and in extreme cases approaches such as penalties as well (Sekaornor, Marziana & Norkhazimah, 2012).

Also, Abdallah (2014) defines tax compliance as all activities necessary to be carried out by the tax-paying public in order to meet the statutory requirements of the tax law. This includes the preparation of tax returns that must be filed by individuals and business organizations each year. The Ghana Revenue Authority (2012) defines 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. Put differently,

Income tax non-compliance encapsulates failure to submit tax returns when legally obliged to do so, understatement of income tax returns, overstatement of deductions on tax returns, and failure to pay assessed taxes by the due date (Abdallah, 2006).

By nature self-employed can hardly be said to comply with the basic tax compliance tenant as stipulated in definitions and literature. However, for the purpose of this study which involves the self-employed who hardly file tax returns, tax compliance is seen as the responsiveness of taxpayers in meeting their tax obligation voluntarily or when called upon to do so by tax authorities (Yin et al., 2016). Upon this basis that this study is essential in order to understand the dynamism of tax compliance as it pertain to self-employed

Perceptions of Tax Compliance

Generally taxpayers hold a level of perception about their expenditures towards their tax obligation. Such perceptions depend on our values, needs, interests, past experiences, and a variety of other factors. Perception of the taxpayer towards his or her legal obligation to pay tax to the government is important due to the complexity of the relationship between the tax payer and government (Feld & Frey, 2002). Feld et al. opined that the link between the taxpayer and the tax administration is a contract that includes mind boggling collaboration between the taxpayer and the government to establish a reasonable common ground.

The vitality of the contract between the taxpayer and the government is dependent on the perception of the taxpayer on the government (Damayanti & dan Supramono, 2012). If the taxpayers are convinced that the role of the public service to the taxpayers are deemed to be effective, fair and reasonable,

then the taxpayers are prone to agree to the tax laws, and this has the ability to increase the compliance rate (Feld et al., 2002; Torgler et al., 2008).

One influential theory, the Fiscal Psychology Theory stipulates the importance of taxpayer's perception towards government. The theory argues that the willingness of taxpayers to pay their taxes is likely to be low if they do not clearly see the real benefits of their tax payment. Thus, if the government uses the taxes collected, judiciously to provide benefits for the taxpayers, then taxpayers will also reciprocate by paying their taxes without any thought of evasion. However where the government is perceived as being corrupt and misuse tax revenue, then taxpayers will be unwilling to pay their tax because they believe that it will not be used for their benefit (Asante & Seidu, 2011).

Psychology theory of tax is a blend of financial and mental methodology, which is another alternative that is best to explain tax compliance (Asante & Seidu, 2011). This methodology stresses on the significance of positive arrangements created by the government to enhance collaboration between the taxpayer and the government (Atawodi & Ojeka, 2012). Atawodi and Ojeka (2012) additionally said that the singular view held by the taxpayers is a critical piece of this collaboration. This achievement has demonstrated that the level of tax compliance is more affected by the taxpayer's confidence in the government, specifically against the assessment framework.

Additionally, the Slippery Slope model proposed by Muehlbacher and Kirchler (2010) clarifies that, compliance mostly depends on the taxpayer's impression about the government. The communication that exists between the taxpayers and the government go a long way to have a positive effect on the

spirit of the taxpayer (Hart & Frey, 1994). According to Atawodi and Ojeka, (2012), the views of the individual taxpayers are a vital facet of the individuals' willingness to cooperate with the tax laws. Kogler, Batrancea, Nichita, Pantya, Belianin and dan Kirchler (2013) and Turner (2005) argue that, the willingness of individuals to comply with tax obligations is very much dependent on their level of confidence in the government as well as the whole tax foundation.

Another factor that influences taxpayer's perception of tax compliance is the extent of fairness and equity. One of the canons of a good tax system, according to Akakpo (2009) is equality. This is viewed along two dimensions; horizontal equity (people with the same income or wealth brackets should pay the same amount of taxes) and vertical equity (taxes paid increase with the amount of the tax base). The driving principle behind vertical equity is the notion that those who are more able to pay taxes should contribute more than those who are not. In view of this, Wenzel (2007) suggested three areas of fairness from the taxpayers' point of view (social psychology). They include distributive justice, procedural justice, and redistributive justice.

Distributive justice is viewed as the exchange of resources (that is, benefit and cost). Here, taxpayers are concerned about the fairness of their actions, and want to be treated in relation to their merits, efforts and needs (Kirchler et al., 2008). If a taxpayer feels that his tax burden is higher than other people within the same income group, his tax compliance probably decreases. Likewise, if a specific group perceives that their tax liability is higher than other groups, then tax evasion might occur among those group members (Spicer & Becker, 1980).

Procedural justice is viewed as the process of resource distribution. Its main elements for perceived fairness are neutrality of procedures used, trustworthiness of the tax authorities, and the polite, dignified, and respectful treatment of taxpayers as individuals or groups (Tyler & Lind, 1992). Taxpayers expect that tax authorities will provide sufficient information about the tax law and regulations so that they can complete their tax return as accurately as possible. It is argued therefore that, increased information about tax law and regulations can increase fairness perception and compliance (Young, 2011).

Last but not least, retributive justice is viewed as the appropriateness of sanctions when norm-breaking occurs. Retributive justice, unreasonable and intrusive audits and unfair penalties lead to stressful and dissatisfied taxpayers (Spicer & Becker, 1980). Perceptions of unfavourable retributive justice could lead to non-compliant behaviour and consequently increase tax evasion and inflate the tax gap. Razak and Adafula (2013) in their study of tax system in Ghana concluded that the views of the taxpayer on the government mostly influence the taxpayers' intention to comply with the tax regulation. Consequently, the extent to which taxpayers know the tax system to be fair influences their attitude towards payment of taxes (Coskun, 2009). Richardson (2006) also showed that, in situation where taxpayers perceived the tax system to be fair, the level of non-compliance is likely to be minimal compared to situations where taxpayers perceived the tax system to be unfair. Young (2011) noted that taxpayers grievances towards the unfairness of tax system is linked to their attitude towards compliance.

In the Ghanaian community, most owners of MSMEs have negative perception towards the taxes collected by the government. Although, they may be aware of the use of taxes as major source of government revenue as well as the funding of public expenditures, they also have a perception that taxes paid to the government are not used for their intended purposes. Quite recently, the economy of Ghana was on a recess despite the numerous taxes paid by taxpayers. With respect to this issue, MSMEs in Ghana see no reason to comply with taxes because the government is not able to align the payment of taxes to the socio-economic development of the country. MSMEs in Ghana may perceive tax obligations favourably when the government acts in a trust worthy manner. There may be existence of high levels of trust and tax morale if government makes good use of tax revenues (Kuug, 2016; Naporow, 2015). Having investigated the perception of tax payers regarding tax compliance, the discussion proceeds to discuss the drivers of tax compliance behaviour, thus forming the independent variables of our study.

Drivers of Tax Compliance Behaviour among Self-Employed

[Independent Variables]

According to Braithwaite (2003) tax promotion is the means by which tax authorities get the cooperation of taxpayers in meeting their tax obligations as stipulated by tax laws. Kung (2016) identified four main factors influencing tax compliance behaviour; Economic factors and non-economic factors including institutional factors, and psychological factors.

Jackson and Milliron (1986 cited in Mohd 2010), listed 14 drivers of tax compliance as variously discussed in literature. These factors are age,

gender, education, income, occupation or status, peers' or other taxpayers' influence, ethics, legal sanction, complexity, relationship with taxation authority (IRS), income sources, perceived fairness of the tax system, possibility of being audited and tax rate. Various researchers have listed factors that influenced tax compliance such as demographic, income, compliance cost, and tax agents, in addition to moral or ethical factors (Singh, 2003).

Kirchler (2007) and Loo (2006) explained that tax compliance determinants particularly among small businesses are classified into four categories including: economic factors, institutional factors, social factors and individual factors. Following the recommendation of Kirchler (2007) and Loo (2006) this study reviews literature on drivers of tax compliance in four main dimensions including: institutional drivers, economic drivers, individual drivers and social drivers. It must be admitted at this stage that the drivers of tax compliance or non-compliance of taxation may vary from country to country and individual to individual as well (Kirchler, 2007).

Institutional Drivers of Tax Compliance

In ensuring effective taxation system vis-a-viz tax compliance, the role of the tax authorities in reducing the tax gap and increasing voluntary compliance is clearly very important. According to Kirchler (2007) and Loo (2006), various institutional factors drive tax compliance among tax payers. Kirchler (2007) and Loo (2006) identified these institutional drivers of tax compliance such as the role of the tax authority, simplicity of the tax system and administration and probability of detection. Consequently, a growing number of researchers began to question the value of sanctions alone in

enforcing tax compliance. Contemporary studies have shifted attention to realise the importance of voluntarism, persuasion and cooperation, known as accommodative approach, as a regulatory tool for encouraging people to comply with tax obligation. State tax authorities supporting the accommodative regulatory enforcement tend to view individuals not as rational actors, but social actors who are inclined to comply with laws, partly because they believe in the rule of law, and partly as a matter of long-term self-interest (Naporow, 2015). Regulatory authorities adopting the accommodative model tend to be more oriented toward seeking results through voluntary systems and cooperation rather than by coercion.

According to Grabosky and Braithwaite (1986) a striking feature of the accommodative approach is that it aims to establish a collaborative and friendly relationship between regulatory authorities and those they regulate. Tyler (1990) has shown that people value respectful treatment by authorities and view those authorities that treat them with respect as more entitled to be obeyed. A growing number of studies have also shown the positive effects of simplicity of procedure, openness and justice on taxpayer compliance behaviour (Murphy 2005). Tyler (2006) argues that, if regulators are prepared to simplify their processes, make the processes simple and open for filling, then this will serve to encourage support for the law and improve compliance.

Simplifying tax returns and administration potentially could help taxpayers to complete their tax returns accurately and increase compliance (Richardson, 2008). Silvani and Baer (1997) added that, simplifying the tax return will encourage taxpayers to complete the tax return on their own rather than employing a tax agent and thus reducing compliance costs.

To add, Braithwaite (2003) indicates that, tax authorities should have Business Desk officers who would be able to visit taxpayers at their homes or business premises. The officers should be able to provide support and advice on matters concerning registration, record keeping and payment requirements and expenses that can be claimed on tax returns. The Business Desk officers should also be able to provide an on-going assistance and advice, by either phone-call or personal visit; on the range of tax issues specifically the new business owners as well as the self-employed, whose compliance to tax laws is mostly suspicious. The study therefore argues and proposed that institutional elements such as voluntary tax systems, simply filling procedures, less bureaucratic and administrative procedures and early detection of default, when taken into consideration then people will comply with their tax obligation.

Economic Drivers of Tax Compliance

Economic drivers of tax compliance explain the essential role emanating from the state government in ensuring tax compliance among the citizens. According to Kirchler (2007) and Loo (2006) essential economic drivers of tax compliance include: tax rates, tax audits and perceptions of government spending. In furtherance in inroads in explaining tax compliance among self-employed, Hasseldine and Li (1999) was of the view that, government and the tax authority are the main parties in the tax system, thus these institutions must design an efficient and effective enforcement and collection mechanism in order to minimize tax evasion. Other studies have found some essential economic compliance drivers as taxation laws and

systems (Keen, 2014), compliance cost (Laffer, 2014), tax laws, audits, detection possibility (Benk, Budak & Cakmak, 2012).

From theoretical perspective, the deterrence theory explains that a state can ensure tax compliance when there is effective audit and penalties for non-compliance. In other words, a government must first have an economical tax system, which is practicable. Studies have even suggested that excessive tax penalties and fines result in more tax avoidance (Kirchler, Hoelzl & Wahl, 2008). In effect, Young (2011) support the evidence that fines do affect tax compliance though the impact was virtually zero.

In effect, strict measures to ensure compliance such as auditing and the tax rates could encourage taxpayers to be more prudent in completing their tax returns, report all income and claim the correct deductions to ascertain their tax liability. However, people who feel that there will be an audit might be tempted not to under report their actual income and claim false deductions. Indeed studies have found that tax audits can change compliance behaviour from negative to positive (Butler, 1993). Further studies have found that increasing tax rates is likely to encourage people to evade taxes (Ali, Cecil, & Knoblett, 2001; Torgler, 2007) while lowering tax rates does not necessarily increase tax compliance (Trivedi, Shehata & Mestelmen, 2005; Kirchler, 2007). Inconclusively, Allingham and Sandmo (1972) concluded that taxpayers may choose either to fully report income or report less, regardless of tax rate.

Again, perception of tax payers regarding the expenditure and use of tax revenue also influence the extent of tax compliance behaviour of tax payers. According to Dean, Keenan and Kenney (1980) greed and financial

hardship, government wastage, low chance of detection and the desire to break through the system are the factors that lead to tax non-compliance particularly among the self-employed business. Basically, non-compliance is justified by the common people. These common people believe that the rich and famous defraud the government by misusing their hard earned money through payment of taxes. Others feel that it is morally right not to pay taxes especially when tax monies have been wasted unethically or illegally (Dean et al., 1980).

This study therefore proposes that economic drivers such tax rates, tax audit systems, and perception of government spending influence tax payers to comply with tax obligation.

Individual Drivers of Tax Compliance

Evidence has begun to emerge that suggest that attitudes and ethics of the taxpayers play an important role in their tax compliance decisions. Categorically, Kirchler (2007) and Loo (2006) explained that individual drivers of tax compliance are essential which includes personal financial constraints, awareness of offences and of penalties. In furtherance to that, Chan, Troutman and O'Bryan (2000) reported that Hong Kong taxpayers have less favorable attitude towards tax system as a result lower level of compliance. Other studies have found that essential individual drivers such as Penalties for non-compliance (Martinez-vazquez & Moreno-Dodson, 2012) as influencing tax compliance.

In ensuring effective tax compliance system, the taxpayer's internal business and operation systems are essential. For instance, good record keeping is essential for all business operations and this happens to be one of the most important elements of running a successful business. Records provide

feedback on the effectiveness and profitability of operations on a regular basis. With respect to taxation, Richardson and Sawyer (2001) suggest good records lead to more accurate reporting of income and expenses in business tax returns. Record keeping is an essential element that helps business to meet their tax obligations. Taxpayers are required to retain records which are relevant to the calculation of their assessable and taxable income, including records that verify claims for deductions. Where taxpayers do not comply with the recordkeeping requirements, they are liable for a fine or conviction under most tax laws.

From a practical perspective, where a business keeps good records, it is quite likely that when these records are taken to the tax agency at the end of the year, the tax agency will have all the information needed to accurately complete the tax return. If good records are not kept, there are numerous adverse consequences for the individual taxpayers including accountants preparing inaccurate tax returns for those taxpayers and the time and other resources used in creating financial records (Naporow, 2015).

Social Drivers of Tax Compliance

It is an undoubted fact that, tax authorities are constraints in terms of logistics to ensure inspection and audit of all taxpayers. In view of this, studies have found various social drivers influencing tax compliance among taxpayers. Kirchler (2007) and Loo (2006) explained that social factors such as ethics and attitude of the tax payer, perceptions of equity and fairness, political affiliation and changes on current government policy, referent groups. These essential tax compliance drivers are important to enhance tax compliance among taxpayers. It is an undoubted fact that studies have

identified other social drivers such as attitudes and subjective norms (Keen, 2014), cultural differences (Benk, Budak & Cakamak, 2012) morality and ethical values of the tax payer and collectors, tax system equity (Murphy, 2004).

As indicated by Pashev (2005), tax authorities must concentrate on building networks to develop attitude and community understanding of tax compliance. Tax authorities cannot resolve all the troubles of tax non-compliance by themselves alone. They therefore, need to seek the participation of the community in their decision-making in dealing with the tax compliance. Building partnerships with the community should be an intrinsic part of tax authority's operations.

Given the fact that tax agencies are limited by resources, as revealed by the findings of Owens and Hamilton (2004) third party involvement is essential if tax officials are to actually promote voluntary compliance. Support from third parties is crucial for the discovery and examination of non-compliance behaviour. By the assistance of interest and referent groups in the regulatory process, tax officials can improve communication and curtail potential conflict. Interest groups can provide information, analysis and perspectives, which might otherwise not have been brought to the notice of tax authorities (Braithwaite, 2003). For instance, tax authorities could be informed of particular compliance issue and regulatory weaknesses. This type of information could inform the range of policy alternatives available to the tax authorities.

By presenting information at consultative forum, third parties can contribute objectively for informed decision to be taken, thus transforming

their attitude. As observed by Braithwaite (2003), building strategic relationships to help shape tax agents' understanding of taxpayer motivations will improve the skills of the tax officials and enable them respond to different needs of different taxpayers and gain support for strategies that address particular industry issues and practices. Taxpayer compliance cannot be achieved coercively, but rather cooperatively through dialogue and understanding (Aryes & Braithwaite, 1992).

Drivers of Tax Compliance

Studies have found a significant effect of drivers of tax compliance and tax compliance behaviour (Ameyaw, Oppong, Abraquah & Ashalley, 2016; Yin et al. 2016; and Kuug 2016) among the informal sector in Ghana. Other empirical studies such as Oppong (2015) focused on Kumasi Metropolis; Razak et al. (2013) and Naporow (2015) focused on Tamale Metropolis; and Otabil (2015) focused on Komenda-Edina-Eguafo-Abrem Municipality found empirical evidence between drivers of tax compliance and tax compliance behaviour.

For instance Ameyaw et al. (2016) investigated the determinants of the informal sector compliance issues. Using 600 respondents comprising informal sector taxpayers in all the ten regions in Ghana, they found that attitudes, subjective norm and perceived behavioural control were the main determinants of the informal sector compliance issues.

Similarly, Yin et al. (2016) assessed tax stamp strategies and income tax compliance among private enterprises in Ghana. Using both qualitative and quantitative techniques, they discovered that the tax stamp strategy had

great potential in-terms of revenue mobilization. To be precise, tax stamp strategies increased income tax revenue received from small and micro taxpayers (SMTs) in the informal sector by about 4 times (393%) for the period 2005 to 2013.

In another study, Kuug (2016) studied the factors influencing tax compliance of small and medium enterprises (SMEs) in Ghana. Using 500 small taxpaying units and medium taxpaying units selected from 3 regions in the country as well as the management and staff of GRA, she found that capital structure, compliance cost, tax rates, tax audits and morals of taxpayers significantly influenced tax compliance. The management and staffs of GRA recommended that, unions and associations could help increase voluntary tax compliance among the SMEs. Kuug recommended that policy developers should endeavour to make tax systems less complex and less costly to encourage SMEs to comply with tax requirements.

On the contrary, Oppong (2015) assessed the vehicle income tax (VIT) payment within the informal sector using Kumasi Metropolis as a case study and found that, most respondents were of the view that the government does not provide enough information about how they use taxpayers' money, in terms of VIT. Again, respondents claim that, a large proportion of taxes were used by the government for meaningless purposes. Furthermore, respondents complained that waste and corruption in government were so high that they do not see the need to pay VIT.

In his study, 'Promoting income tax compliance among the self-employed in the Tamale Metropolis of Ghana', Naporow (2015) found that,

respondents with no or less formal education were highly non-compliant to the payment of income tax. In addition, overstatement of expenses, understatement of income and late submission of returns were identified as forms of income tax non-compliance. Consequently, Naporow concluded that, on a whole, most of the self-employed in the Tamale Metropolis were not familiar with income tax laws and that was why most of them were not on the tax roll of Ghana Revenue Authority (GRA). Other factors like ignorance, lazy accounting, complexity of procedures, and non-beneficial of taxes also influenced income tax non-compliance decisions of most the self-employed within the metropolis.

Still in Tamale, Razak and Adafula (2013) evaluated taxpayers' attitude and its influence of tax compliance decisions and found that, individuals were highly concerned with the amount of taxes they pay. Stated differently, the rates of income taxes in Ghana were generally perceived to be high. Furthermore, the burden of taxes paid affects the attitudes of individuals and this informs how they evaluate the tax system and consequently, their compliance decisions. Individuals have little regard for the amount of taxes paid by them in comparison to amounts paid by higher income earners. They added that, the level of governmental accountability and transparency did not significantly impact taxpayers' attitudes.

In the Komenda-Edina-Eguafo-Abrem (K.E.E.A) Municipality, Otobil (2015) studied taxation of the informal sector and found that, high income tax, business non-profitability, distance difficulty in paying tax, unnecessary or misuse of tax income by government, tax non-compliance by other colleagues, low income tax education, advice from experts, non-registration of businesses

and low educational level account for high income tax non-compliance. Consequently, Otabil (2015) suggested that, well informed and frequent tax education, sanctioning tax evaders, motivating taxpayers with incentives, involvement of taxpayers in tax decisions, drawing the tax collectors closer to the taxpayers and having master list of all informal sector businesses would help to improve tax compliance in the municipality.

Collins, Million and Toy (1992) undertook a study in the United States from a random mail survey at 700 households from telephone directories. Out of 220 usable responses, they found that tax knowledge and the level of education were negatively correlated with tax law. In conclusion, considering the findings from majority of previous studies, it is obvious that improving taxpayers' knowledge is an important element in operating a successful tax system, particularly on small and medium taxpayers. In order to achieve the revenue target of government, taxpayers need to be well educated, informed on tax related issues.

Mukasa (2011) conducted a study on 6,200 SMEs in Kampala Central Division comprising 5,000 small businesses and 1,200 Medium-Sized businesses. The researcher used a sample size of 361 respondents using stratified sampling to select respondents from both categories of businesses. Specific tax knowledge was measured in relation to ability to calculate tax liabilities on income and wealth for different taxpayers in different situations. Specific tax knowledge combined information about tax rules with financial knowledge. The questions were framed in concrete terms to address specific tax knowledge issues while standard survey items denoted "abstract" were also used in assessing the general tax knowledge as used by Jonas (2003). The

researcher measured tax compliance based on four items used by Wenzel (2001) which included non-lodgment, tax debt, pay income and promptness.

Self-employed

Self-employment concept is as old as human race and dates back to the dawn of existence of mankind. However, the subject matter assumed its position today in Ghana in the early 1970s in the infamous article written by Hart (1973), who highlighted the employment opportunities and potentials in the informal sector that could be explored by individual entrepreneurs with relevant skills and the desire to work for themselves.

In the 1980s and early 1990s, self-employment reached its turning point in the economies of Ireland, United Kingdom and other parts of the globe, especially third world countries. According to Fairlie (2011), two main strategic issues influenced the resurgence of the self-employed in many economies of the world. The first of these was the growing awareness of the increasing employment potential of the small business in the informal sector. The second was the rising problem of unemployment in many countries. The approach in which these two concerns captured into public policy domain however, differed among nations.

In Ghana, for instance, government policy on self-employment emphasized, from the start, its potential to contribute to economic diversification and employment creation. Directly aligned to this is the desirability of the people without jobs to be proactive agents in exploiting this potential (Naporow, 2015). Blanchflower and Oswald (1998) in their view, maintain that the emotional factors linked with entrepreneurial constrain play a

central responsibility in the partiality to become self-employed. According to them, there are others who do not want to be directed by anybody and therefore would want to be self-employed. Such persons will naturally create employment for themselves in an attempt to satisfy their propensity to be independent.

According to Fairlie (2005), self-employed persons are those individuals who identify themselves as working for themselves in business, professional practice or farming. Camel (2000,) defines self-employed to mean “people who work for themselves, 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”. Although, the two definitions appear to be pointing at one direction, the study would like to adopt Fairlie’s (2005) definition. The reason for this is that, most people who are working for the self-employed are considered to be in employment and for that matter are paid for the services they render, including family members who sometimes help to manage such micro, small and medium enterprises and such people cannot be said to be rendering free services. Operational costs such as transport fares and feeding expenses of the family members are borne by the enterprise of the self-employed. In view of this, the researcher holds the opinion that the self-employed are people who identify themselves as working in their own businesses who may or may not employ other workers who help to run the enterprise for payment. For the purpose of this study, the self-employed shall also be deemed to be the owners of micro, small and medium enterprises (MSMEs) and these terms may be used interchangeably.

According to Kidd (1993), important demographic features of self-employed such as an age affects his/her desire to be self-employed. For instance, age may be prerequisite to determine the person's experience and knowledge in the labour market hence indicating human resource capacity. To add, as a person grows older; he/she may have gathered adequate capital and experience needed for self-employment therefore, age is seen as a factor for financial and human resource. In view of this, there has been adequate information to prove the correlation between self-employment and age. Fuchs (1982) concluded that, the probability of switching from wage or salaried employment to self-employment was not significantly associated with age. Blau (1987) found similar findings.

In terms of gender, overall data indicates that the incidence of self-employment among men is higher than women (Brown, Farrell, & Harris, 2003). The higher average hours of employment typically reported by the self-employed may act as a deterrent to female participation. Connelly (1992) has however revealed that female participation in self-employment is greater than male participation. As advanced by Connelly (1992), self-employment affords more flexibility and may therefore prove attractive to women with responsibilities. In light of the forgoing arguments, the researcher is of the view that the circumstances of the study area play major role in determining dominant gender of the self-employed.

Marital status represents another important feature of the self-employed. According to Le (2009), marriage is understood in the literature of economics to represent steadiness and, may provide an environment for "uncertain" self-employment. Again, Brown *et al.*, (2003) indicate that, if one

has a spouse, it increases the chance of self-employment and this may include his/her economic strength. Also, Schiller and Crewson (2007) are of the view that couples pooling their resources together may probably create employment for one, mostly the wife become self-employed.

Educational qualifications' role has been included into many empirical research works, seen as a critical success factor in the labour market especially in the private sector. Formal education may act as a precondition for capacity. This means that people with good education may turn themselves managers; hence, chances are that they become self-employed (Naporow, 2015). Fairlie (2011) postulates that, broad educational attainments increase one's chance of becoming self-employed relative to one who have little but deep skills.

Owing to the nature and characteristics of self-employed, governments all over the world, especially, developing nations always have challenges devising the appropriate tax systems that will effectively rope into the tax net to cover as many self-employed people as possible. Even if the appropriate tax policy is formulated, there has always been a problem on the part of tax administrators in reaching out to the self-employed who are classified as "difficult group to tax" by tax officials. The challenge in accessing tax from the self-employed by tax agencies make the self-employed highly non-compliant to tax regulations (Thuronyi, 2013). A number of factors contributing to the difficulty in taxing the self-employed are reviewed here.

Poor standard of keeping financial records has and is one of the major factors that contribute to the inability to access the appropriate tax from the self-employed folks. In most developing countries including Ghana, the self-employed are very indifferent to proper accounting records keeping. This

practice therefore, makes it extremely difficult, if not impossible, for any proper assessment of income to be ascertained by the tax authorities. What accounts for this situation varies depending upon the type of business and circumstances of the self-employed. Most self-employed prefer to run their own business without making conscious efforts to employ qualified accountants whose responsibility it is to keep proper books of accounts. Some self-employed also intentionally engage in keeping different records based on their needs or uses it to serve their situations (Naporow, 2015).

Voluntary compliance is the hallmark required of taxpayers in every tax system in everywhere the world over. However, as indicated by Thuronyi (2013), there is low tax morale on the part of the self-employed to voluntarily comply with tax legislations amongst taxpayers, especially in Ghana. This therefore requires some level of promotion from the governments to encourage tax compliance. In most instances however, governments lack the necessary political will to enforce tax laws for fear of losing popularity. For Governments to meet their revenue targets for sustainable economic development there is the need for tax authorities to consider new compliance approaches to improve voluntary compliance among taxpayers especially in the informal sector (Naporow, 2015).

Businesses, when given the chance will not pay taxes unless there is a motivation to do so (Atawodi & Ojeka, 2012). Another important challenge is the fact that the self-employed have no permanent place of operation. Usually, self-employed enterprise owners do not register their businesses with the right state institutions before commercialisation of their activities. That is, certification of incorporation as well as certificate to commence business. The

few of them that try to comply fail to properly disclose their premises. This therefore, makes it hard to identify them and charge tax on their operations (Naporow, 2015). Gill (2003) postulated that the unstable place of doing business on the part of the self-employed, gives an overwhelming challenge to the tax bodies, with regard to taxpayer recognition and listing.

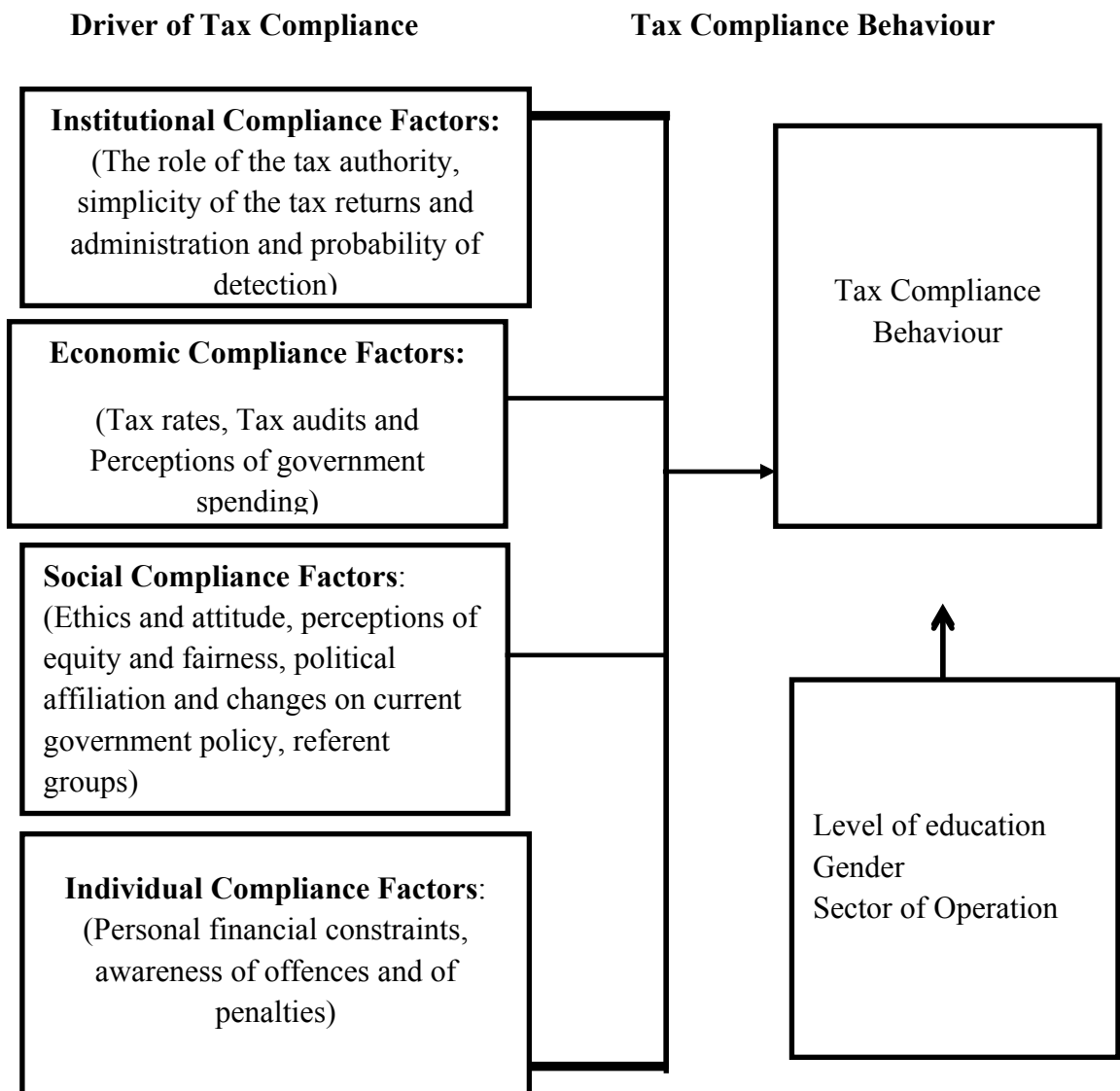
Conceptual Framework

A taxpayer's compliance behaviour may be influenced by many factors, which eventually influence taxpayer's behaviour. Those factors which influence tax compliance and/or non-compliance behaviour are differing from one country to another and also from one individual to another (Kirchler, 2007). According to Kuug (2016) taxpayer compliance has been primarily viewed from three theoretical perspectives: the general deterrence theory, economic deterrence models and fiscal psychology. Income tax compliance is viewed as an income maximising decision balancing the net gain of underreporting income or over claiming against the added risk of detection and penalization (McGraw & Scholz, 1991). The conceptual frame work was developed out of a critical review of existing literature about the variables from the work of Mukasa (2011), Palil (2010), Chau and Leung (2009).

Following the recommendation of Kirchler (2007) and Loo (2006) who identified 1) economic factors (tax rates, tax audits and perceptions of government spending); 2) institutional factors (the role of the tax authority, simplicity of the tax returns and administration and probability of detection); 3) social factors (ethics and attitude, perceptions of equity and fairness, political affiliation and changes on current government policy, referent groups); and 4) individual factors (personal financial constraints, awareness of

offences and of penalties). Provision of adequate education and training for taxpayers enhances tax compliance behaviour (Palil, 2010). Chau and Leung (2009) state that education enhances the taxpayers' ability to either comply or not comply with the tax laws. Similarly, Abdallah and Hamza (2015) in their article on the effect of demographic characteristics of SMEs on tax compliance in Tamale, posit that women and younger entrepreneurs were more non-compliant to tax laws and rules. This is depicted in Figure 1

Figure 3.1: Determinant of Tax Compliance



Source: Mbilla (2017)

Measurement Variables

The conceptual framework above depicts how taxpayers comply with tax obligations. The independent variables; economic factors, institutional factors, social factors and individual factors were adopted by Kirchler (2007) and Loo (2006). The researcher is proposing that these factors drive self-employed to comply with tax obligations. On the other hand, the dependent variable (Tax compliance) is measured as the ability to file and pay tax returns

timely and satisfactorily. The study also proposes that the level of education, gender and sector of operation have the tendency to comply with tax (Palil, 2010; Mukasa 2011). These factor are considered as control variable as in Figure 1.

Summary and Lessons Learnt

Concept of taxation cannot be underestimated in any policy and academic discussion. Tax remains an important source of revenue for government and continued to provide social goods and develop the economy. Literature report that people intentionally and unintentionally do not comply or ignore to file their tax returns appropriately and timely. Therefore governments ensure compliance in order to get all individuals to fulfill their tax obligation. Literature has extensively examined several factors or drivers influencing tax compliance, particularly among the self-employed. A careful look at the drivers of tax compliance behaviour reveals four integrated drivers of tax compliance behaviour namely: Institutional drivers, Economic driver, Individual drivers and Social drivers. These integrated drivers actually influence individuals to either comply or not to comply with their tax obligation. Contextually, this study sought to explore the effect of these factors on tax compliance behaviour of the self-employed in the Bawku West District.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents the research methodology adopted for the study. The chapter describes the methods that were used to gather the data relevant to the study. The research methodology is described in terms of research design and approach, scope of the study, study population, sample and sampling techniques, data collection procedures and instruments, method of data analysis, interpretation and presentation of findings, research reliability, validity and ethical considerations. The chapter also discusses why these elements in the research methodology were used. Pallant (2007) indicated that every academic work to be comparable to any other, it must follow those procedures.

Research Approach

To obtain more valid statistical result, selecting an appropriate methodology is highly important (Silverman, 2011). Research methodology can be quantitative or qualitative. This study seeks to examine the relationship between drivers of tax compliance and actual compliance behavior using a structural equation model; therefore a quantitative approach was deemed the most appropriate within the context. The quantitative method entails systematic empirical studies which involve quantifying through the assistance of mathematics and statistics (Bryman & Bell, 2007).

In addition, quantitative approaches take the guesswork to a more concrete conclusion. This is because the results are usually based on

quantitative measures rather than mere interpretation and therefore enables future application and comparison with other works. Again, quantitative approach offers a broader coverage of a series of events where statistics are combined from a larger sample (Amarantunga, Baldry, Sarshar & Newton, 2002). In addition, quantitative approach enhances the use of statistical data analysis methods, thus, making it easier to generalise the findings from the study.

It should however be noted that, this approach to research approach lacks flexibility and, thus, makes it very challenging to apply same in assessing or gauging human behaviour (Crotty, 1998). According to Boohene (2006), the choice of research approach should be based on the researcher's discretion, depending on the nature of a particular study. Therefore, given the purpose and nature of this study where most of the analyses are quantitative in nature, quantitative research approach is deemed the most appropriate hence adopted.

Research Design

Due to the quantitative nature of this study, an exploratory survey design was considered appropriate. A survey is a method for acquiring information about characteristics, actions, or opinions of a substantial number of individuals, alluded to as a populace (Malhotra & Birks, 2007). The choice of survey design was appropriate since the study would be able to generalize findings to the entire population. According to Collis and Hussey (2013), a survey refers to a methodology where participants are drawn from a population and studied to make inferences about the population.

An exploratory Survey design might be recognized as cross-sectional or longitudinal contingent (Robson, 2002). Descriptive cross-sectional design was adopted because it provides accurate and efficient information by observing, describing and documenting of phenomenon as it occurs (Pilot & Hurgler, 1995). Descriptive cross-sectional survey design focuses on identifying the characteristics of an observed phenomenon and explores the underlying relationships and correlation between two or more variables of a population (Babbie, 1990; Leedy & Ormrod, 2001) and from which the findings can later be generalized back to the population. The researcher believes that, the exploratory survey design will help better assess the relationship between the tax compliance drivers and actual compliance behaviour among the self-employed in the Bawku West District.

Study Area

The study area for this research, is Bawku-West District. Bawku West District is one of the thirteen (13) districts and municipalities in the Upper East Region of Ghana. The district is located in the north-eastern section of the region, with Zebilla as its administrative capital. It is bordered to the north by the Republic of Burkina Faso, to the east by Binduri district, to the west by Talensi district and Nabdam district and to the south by East Mamprusi district. Significantly, two tributaries of the Volta River namely the White Volta and the Red Volta run contiguous to the district's eastern and western boundaries respectively. The district was created in 1988 under the local government system by Legislative Instrument (LI) 1442. The district covers an area of approximately 1,070 square kilometres, which constitutes about 12%

of the total land area of the Upper East Region. It is the fourth biggest district in the region in terms of land area (GSS, 2010).

With respect to employment status, majority of 72.3% (n=29,089) of the employed population are self-employed Ghana Statistical Service (2010). The self-employed are further categorised into two namely self-employed without employees (n=28,317, representing 70.4% of the employed population) and self-employed with employees (n=772, representing 1.9% of the employed population).

According to Atawodi and Ojeka (2012), businesses, when given the chance will not pay taxes unless there is a motivation to do so. The Bawku West District was chosen for the study owing to the challenging issues regarding tax compliance in the district. The district has significant statistics of dense population of self-employed in the District. There is also a high influx of individuals and businesses from neighboring countries. However, these individuals who are supposed to pay taxes to government appear not to be doing so by employing various tax evasion strategies (Naporow, 2015; Abdallah & Hamza 2015).

These self-employed leave their businesses when they spot tax collectors approaching. Others also operate at times and days which make it impossible for tax authorities to locate them. These conceptualizations are important to support tax compliance effort if government's tax objectives are to be met. Therefore conducting this study in the Bawku West will help identify specific tax compliance drivers to promote efficient tax compliance

systems in the area, particularly among self-employed in the district and across Ghana.

Population

Population is the target group the researcher is interested in gaining information and drawing conclusions (Leedy & Ormrod, 2010). Study population serves as a focus of a researcher's effort (Baumgartner, Strong, & Hensley, 2002). The target population for this study consist of self-employed person's in the Bawku West District. All 29,089 self-employed persons (with or without employees) operating in the Bawku West District shall constitute the population for this study.

Sampling Procedure

The idea of sampling is based on the selection of some elements in a population usually due to the fact that population is too substantial for one particular researcher to attempt to study all the individuals (Cooper & Schindler, 2014). Cluster and Convenience Sampling technique was adopted for this study. Cluster Sampling involves splitting the population of interest into clusters. They could be geographical areas such as towns or local authorities or natural clusters such as industries or school etc. using the cluster sampling, the Bawku West District was divided into 20 clusters and convenience sampling technique was then adapted because of nature of the self-employed businesses and the difficulty in getting them participate in the research. The convenience sampling technique was appropriate because it addresses unique characteristics in clusters among the self-employed. Also the researcher could conveniently draw sample from each cluster purposely for achieving the objective of the study. The study adopts the sample size

formula for finite population proposed by Krejcie and Morgan (1970). From their table, a sample size of 379 is appropriate for a finite or known target population of 29,089 (approximately 30, 000). According to them, there is no need of using sample size determination formula for 'known' population, since the table has all the provisions one requires to arrive at the required sample size.

Using the total population in each of the 20 largest communities (GSS, 2010), in the Bawku West District, the researcher uses the cluster sampling method to show how the 379 self-employed persons were selected to form a complete cluster sample. This sampling method allows for each community to have equal and independent chance of being selected, making it more accurate and representative.

Data Collection Instruments [Questionnaire]

The questionnaire was partly adopted from Investment Climate Service of the World Bank Group Report on surveying businesses on tax compliance costs. In order to address the research objectives and to examine the stated hypotheses, the data collection instrument employed for this study was a questionnaire instrument (see Appendix A). The primary source constitutes the major source of data for the study. Data collection instrument is the item used to collect data for a research project. However, there is no single adequate instrument in collecting valid and reliable data (Creswell, 2005; Kent, 2007).

This questionnaire instrument allows respondent to skip some questions, reflect over questions and come back to them later to fill in the answers. Statements and questions were translated into the local dialect for respondents (especially, self-employed persons) to understand.

Content and Design of Questionnaire

The questionnaire was divided into three (3) distinct sections numbered (A) – (C). The first part of the questionnaire sought to ask respondents to provide demographic data such as age, sex, sectors of operation among others. Sections ‘B’ sought to elicit information on the drivers of tax compliance among self-employed in the district. Lastly, section “C” elicit information on the influence of Tax compliance drivers on tax compliance behaviour.

The set of items were structured using the Likert-scale format with a five-point response scale and some open and closed-ended items. The open ended questions will give the respondents the avenue to decide the aspect, detail and length of his answer. Close-ended questions are known to provide control over the participant’s range of responses by providing specific response alternatives (Borden & Abbott, 2002). The measurement scales (questions/content) reflect various literature that the researcher reviewed, thus the researcher proposed that the questions or measurement scales will help determine its influence on tax compliance among self-employed in Bawku West District.

Based on extensive review of literature, the researcher developed measurement scales for the research questionnaire. The measurement scales for the instruments was developed by the researcher and partly adopted from Investment climate Service of the World Bank Group Report on surveying businesses on tax compliance costs. These Statements and questions were translated into the local dialect for respondents (especially, self-employed persons) to understand.

Data Management and Analysis

Data analysis is a systematic process of selecting, categorizing, comparing, synthesizing and interpreting data to provide explanation to single phenomenon of interest (Macmillan & Schumariacher, 1997). The responses from the questionnaires were edited, coded and entered into Statistical Package for Social Science (SPSS) version 20.0 for analysis. This statistical software is recommended for us in studies in social sciences (Zickmund, 2000). First, SPSS was used in processing data to analyse the demographic responses of the respondents. This data was analyzed and interpreted with descriptive statistics such as the use of mean, frequency count (Guilford & Frutcher, 1996). Second, Structural Equation modeling was used to test the hypotheses/structural path relationship. SEM was adopted for the study because analysis complex models and also provides more robust results (Hair et al., 2013).

Data analysis using Structural equation modelling was done in four main levels: Exploratory Factor analysis (EFA), Confirmatory Factor Analysis (CFA), Structural Equation modeling (SEM-AMOS). Before performing the actual analysis of the main data, preliminary data analysis was done. During the preliminary data analysis (PDA), datasets and variables were cleaned and cleansed (Ainim, Darani, Afshani & Amini, 2012) to eliminate unengaged responses and correct errors that could skew the research findings (Coakes, 2006). Exploratory factor analysis was done to explore the data to ensure that the data is fit and adequate for the study.

Secondly confirmatory factor analysis was done to ensure that the data meet the reliability and validity significance. Several test including validity,

reliability, factor load were used under the confirmatory factor analysis. After the confirmatory factor analysis, the study moved to assess and test the hypotheses using structural equation modeling. Out of the 379 questionnaires distributed, 335 representing (88%) of the self-employed persons responded to the study. More so, out of the 335 questionnaires retrieved, 208 were complete and usable hence used for the purposes of data analysis.

Ethics

Ample time was given to respondents who participated in the survey to respond to the questions. This was to avoid errors and inaccuracies and misrepresentation of the study findings. Again, the researcher assured all respondents of the confidentiality of their responses as the information they will provide will be solely used for academic purposes. In essence, respondents were fully assured that any answer provided would be kept with all anonymity and confidentiality (Narteh, 2013). The purpose was to make the respondents feel more comfortable and confident to provide all the valuable information required.

Field Challenges

Data collection occurred at place of business of these self-employed. Collection of data was done by the researcher with assistance from two temporary employed individuals. Respondents who were present and willing to participate were engaged to complete research instrument. Respondents were a little reluctant to complete the questionnaire, explaining that they are busy with customers while others asked that we come next time. Other respondents also asked to take the questionnaire home and return them back. The researcher and the assistance were patient to allow all the individuals to

complete the questionnaires despite their reluctance to do so at the first instance

Chapter Summary

This study adopted exploratory survey research design. The study adopts a quantitative approach. The study is done within a scope to the influence of drivers of tax compliance on tax compliance behavior among self-employed in the Bawku West District. The target population comprises of the self-employed in the Bawku West District. A sample was drawn from the self-employed population using cluster and convenience sampling technique. Primary data were collected using questionnaire. SPSS was using in processing data with descriptive statistics to analyzed the field data and structural Equation Model (SEM-AMOS) was employed to test the hypotheses. Validity, reliability and ethical issues were observed in the data collection and analysis.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

This chapter presents data analysis and results of the study. In this section of the research work, the raw data collected from the field are grouped, coded and accurately analyzed to reflect the true findings as exhibited in the responses submitted by the respondents and related to the concepts and variables identified as the bedrocks underpinning the objective of this study on the self-employed perception. It involves in greater detail, findings from the questionnaire and discussions from the questionnaire administered by the researcher.

Descriptive Analysis

The study sought to identify three descriptive elements of respondents. The study asked respondents to indicate their age range, level of education and status of their business. This was important in order to know how these characteristics potentially influence their compliance behaviour. Table 1 therefore shows the result of respondent's characteristics.

Descriptive statistics of respondents

Table 4.1 shows the sex specification of Self-employed in the Bawku West District in Ghana.

Table 4.1 - *Descriptive Characteristics of Respondents*

Profile	Description	Frequency	Percentage (%)
Sex Specification	Male	78	37.5
	Female	130	62.5
Work Status	Service	44	21.2
	Industry	80	38.5
	Agriculture	83	39.9
	Other works	1	0.50
Age of Respondents	18-24	75	36.1
	25-34	118	56.7
	35-44	12	5.8
	45-55	1	0.5
Level of education	Non-Formal	131	63
	Primary	15	26
	SHS	54	26
	First Degree	6	2.9
	Post First Degree	2	1.0

Source: Field survey, Mbilla (2017)

On gender, the findings in Table 4.1 shows that, out of 208 valid samples 78 representing 37.5% are males and the remaining 130 representing 62.5% are females. The implication here is that, the respondents partially distributed on Gender specification.

On respondents' age shows that maximum number of 118 self-employed ages between the ages of 25-34 representing 56.7%, 75 self-employed between the ages of 18-24 representing 36.1%, 12 self-employed between the ages of 35-44 representing 5.8%. Again a minimum number of 1

self-employed is between the ages of 45-55 years representing 0.5%. On average, respondents can be considered youthful since majority of the self-employed (about 98.6%) were between the age range of 18-44 years while 1.5% representing the minority were above the age 45.

On education distribution of respondents In terms of educational background, majority of 137 respondents representing 63 percent have non-formal education followed by Senior high school and primary school graduate of 54 (26%) and 15 (7.2%) respectively. Six respondent out of 208 respondents engaged in the study had first degree qualification while 2 (1.0%) had post-first degree.

On occupation, the study further sought to investigate the occupation of respondents engaged in the study. On occupational distribution of the respondents shows that majority of 83 respondents representing 39.9% are engaged in Agric-agribusiness activities while a minimum of 80 respondents representing 38.5% operate in the industry including manufacturing. 44 respondents representing 21.2 percent operate in the service sector. The distribution is spread among all the occupational divisions which is considered appropriate for this study.

Descriptive statistics of Measurement StatementsTable 4.2: *Descriptive Statistics of Measurement Statements (Item Code, Mean, SE Mean and Std. Deviation)*

Measurement Scale Items	Item code	Mean	SE Mean	Std. Dev	Skewness	Kurtosis
I file and pay my tax return because tax authorities makes it voluntary for me to file	INSF1	3.25	.084	1.21	-.566	-.705
My tax returns is always filed because it is simple for me to file the tax returns	INSF2	3.19	.082	1.18	-.326	-.630
The administrative system is simple for me file my tax returns at the tax office	INSF3	3.18	.073	1.06	-.337	-.389
I file my tax return because is it easy for tax authorities to detect defaulters	INSF4	3.58	.053	.770	-.406	.138
I file my tax returns because there is no complication and hidden information in the process of filling my tax return	INSF5	3.47	.054	.786	-.748	.422
I comply with my tax obligations because the tax rates is “ok” for me to pay	EF 1	3.94	.087	1.25	-1.12	.282
I complete and file my tax return regularly because tax auditors visit me to check my tax returns	EF 2	4.02	.074	1.07	-1.16	.961
I comply with my tax obligations because government spend the tax revenue judiciously	EF 3	4.12	.078	1.13	-1.38	1.294
I file my tax returns because I receive benefits from government	EF 4	4.00	.078	1.13	-1.11	.521
Tax rate is transparent so I always file my tax returns to tax authorities	EF 5	4.00	.083	1.2	-1.09	.195
I file and pay my tax because I run my finances well so that I can pay	IDF1	3.70	.069	.997	-.689	.093
I am aware of the offences so I always comply with my tax obligation	IDF2	3.71	.082	1.18	-.648	-.540

Defaulting tax obligation has severe penalties so I always comply with my tax obligation	IDF3	3.78	.081	1.16	-.578	-.876
I do not want my business to suffer from legal battles so I always file my tax return	IDF4	3.52	.079	1.14	-.608	-.249
As a business owner I feel that filing my tax return will help my business image	IDF5	3.54	.076	1.10	-.716	-.022
I file my tax returns because it is ethical to file my tax returns regularly	SOF1	3.64	.067	.973	-.462	-.110
I file my tax return because it is equitable and fair to contribute my quota to national development	SOF2	3.44	.068	.986	-.450	-.006
Changes on current government policy allows me to file my tax returns easily	SOF3	3.53	.073	1.05	-.419	-.346
It is my attitude as a business person to file my tax returns	SOF4	3.50	.069	.998	-.355	-.209
As part of a business group it is my obligation to always file my tax return	SOF5	3.32	.074	1.07	-.363	-.509
Because of simple filling process I do not have any intention to evade filling and paying taxes	TC1	3.70	.069	.997	-.689	.093
Government uses my taxes for my good so I do not intent to reduce my official tax amount	TC2	3.71	.082	1.18	-.648	-.540
As an ethical business person I will feel bad if I don't file my tax return regularly at the tax office	TC3	3.78	.081	1.16	-.578	-.876
The tax rate is "ok" for me so I do not intend to hide any information in my tax returns	TC4	3.52	.079	1.14	-.608	-.249
The tax is fair and equitable so I am willing to file my tax returns	TC5	3.50	.081	1.16	-.558	-.416

Source: Field Survey, Mbilla (2017)

From Table 4.2, the highest mean recorded was 4.12 (I comply with my tax obligations because government spends the tax revenue judiciously) while the lowest mean was 3.18 (The administrative system is simple for me to file my tax returns at the tax office). The 25 question items displayed in table 6 represent the components of the 5 main constructs depicted in the conceptual framework for the study. Tax compliance had four constructs which included Institutional factors (INSF), Economic factors (EF), Individual factors (IDF) and Social Factors (SOF). The dependent variable which was Tax Compliance (TC) also had 1 Construct.

The dependent and independent variables follows a normal distribution: the skewness and kurtosis values were within the acceptable limit for normal distribution of ± 2 (George & Mallery, 2011) indicating that the data are close to normal. This form of data assessment was relevant and consistent with Baumgartner and Homburg (1996) who asserted that these processes ensure that the data is error free and suitable for analysis purposes. The next stage after descriptive analysis is to explore the data for confirmatory analysis.

Exploratory Factor Analysis

Principal component analysis was undertaken with Eigen values greater than 1. A Varimax Rotation was conducted and small co-efficient was suppressed. The absolute value was 0.5. The principal component analysis was conducted based on the responses of the 25 scales on the likert scale with the aid of SPSS version 20. Table 4.3 shows the result for all the tests that was undertaken in order to ensure that the data is “fit” for confirmatory analysis

Table 4.3: *Validity and reliability Test Result*

Principal Component Loadings		Internal Consistencies			Construct Reliability (CR)	Average Variance Extracted (AVE)
Items	Variables	Varimax	Variance Explained	Cronbach's Alphas		
Factor 1	INSF1	0.789	76.380	0.845	0.913	0.679
	INSF2	0.737				
	INSF3	0.766				
Factor 2	EF1	0.755	68.9199	0.910	0.802	0.506
	EF2	0.826				
	EF3	0.85				
	EF4	0.797				
Factor 3	IDF1	0.558	76.270	0.921	0.734	0.411
	IDF2	0.701				
	IDF3	0.781				
	IDF4	0.665				
	IDF5	0.641				
Factor 4	SOF1	0.587	66.436	0.747	0.821	0.537
	SOF2	0.788				
	SOF3	0.769				
Factor 5	TC1	0.866	76.666	0.922	0.819	0.532
	TC2	0.839				
	TC3	0.879				
	TC4	0.833				
	TC5	0.716				

Source: Field Survey, Mbilla (2017)

From Table 4.3, out of a total of 25 measurement items, 20 loaded very well above a threshold set at 0.5. While all items under the individual factors were maintained, two items each from Institutional factors (INSF4, INSF5) and social factors (SOF4, SOF5) were deleted. One item from Economic factor (EF5) was also deleted. No items were deleted from the dependent variable. Internal consistencies were examined using Cronbach Alpha values. The retained scales or items met the threshold for Cronbach alpha of 70 percent. According to Cronbach (1951) the Cronbach alpha value should be 70% or above before a data collection instrument can be deemed reliable.

The reliability measures in this study are above the acceptable levels (Cronbach's alphas > .70, Average Variance Extracted > .50, composite reliability > .70) as recommended by scholars (Fornell and Larcker 1981). Furthermore, the factor loadings (ranging from 0.747 to 0.921) showed good convergent validity. The result for validity and reliability indicators of the final measurement model together are displayed in the robustness table above.

Table 4.4-*Total Variance Explained For the Five study Constructs*

CPT	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.488	41.952	41.952	10.488	41.952	41.952	7.431	29.724	29.724
2	2.496	9.985	51.936	2.496	9.985	51.936	3.389	13.557	43.281
3	1.817	7.270	59.206	1.817	7.270	59.206	2.762	11.048	54.329
4	1.615	6.461	65.667	1.615	6.461	65.667	2.176	8.704	63.033
5	1.509	6.037	71.704	1.509	6.037	71.704	1.798	7.193	70.225
6	1.288	5.153	76.857	1.288	5.153	76.857	1.658	6.632	76.857
7	.784	3.138	79.995						
8	.670	2.680	82.675						
9	.573	2.290	84.966						
10	.519	2.077	87.042						
11	.431	1.726	88.768						
12	.414	1.655	90.423						
13	.402	1.607	92.030						
14	.358	1.431	93.462						
15	.328	1.311	94.773						

16	.307	1.230	96.002
17	.236	.944	96.946
18	.232	.928	97.874
19	.207	.826	98.700
20	.171	.684	99.384
21	.154	.616	100.000
22	1.283E-016	5.133E-016	100.000
23	6.333E-017	2.533E-016	100.000
24	-5.928E-017	-2.371E-016	100.000
25	-1.097E-016	-4.389E-016	100.000

Extraction Method: Principal Component Analysis.

Source: Field Survey, Mbilla (2017)

The study further assessed the overall variance of all the five factors under investigation. The study result shows that all the five factors contribute to an overall variance (TVE) of 76.857% which is excellent because it is above the threshold of 50%

Confirmatory Factor Analysis

The codes of the variables that were used in the exploratory factor analysis were maintained at the confirmatory factor analysis. Model fit criteria commonly used in absolute fit are chi-square (χ^2), goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), root-mean-square residual (RMR) and Root-Mean-Square-Error of Approximation (RMSEA). These criteria are based on differences between the observed and model-implied correlation or covariance matrix (Hair et al., 2014). Comparative fit deals with whether the model being considered is better than a competing model in accounting for observed data. Comparative fit assessment is based on the examination of a “baseline” model in comparison with theoretically derived models (Kelloway, 1998). Some criteria in this category include normed fit index (NFI), comparative fit index (CFI) and the relative non-centrality index (RNI).

The following fit indexes were used to evaluate how well the measurement model fit the data collected, with each one having conventionally acceptable values: Root Mean Squared Error of Approximation ($RMSEA \leq 0.08$), Goodness of Fit Index ($GFI \geq 0.90$), Normed Fit Index ($NFI \geq 0.90$) and Comparative Fit Index ($CFI \geq 0.90$) (Bagozzi and Yi, 2012; Hair et al., 2010). The sufficiency of the theorized model’s creation of a covariance matrix is evaluated by the χ^2 goodness-of-fit value; it also estimates coefficients compared with the observed covariance matrix. However, since

the value of χ^2 is affected by the sample size, a large number of participants can cause χ^2 to be inflated when assessing model fit (Hu & Bentler, 1999).

Many researchers have applied the method that divides the value of χ^2 by degrees of freedom instead of relying only on the overall χ^2 and its associated test of significance. It is typically suggested that a χ^2/df ratio (Normed Chi square) of less than 3 is favourable for a large sample. These fit indices were employed to assess the strength and acceptability of the construct measurements. The selection of these fit indices was based on the classification proposed by Byrne (2013) as being the most commonly accepted criteria in social sciences.

In view of testing the model fitness, 20 measurement items or questions were used with the view that those variables that did not achieve some of the indicator means be deleted to achieve a model fit or improvement in Fit of Measurement Model. All measurement items were fit hence no item was deleted to achieve the model fit indices.

Table 4.5-Model Fit Measures for Final Measurement Model

Measure	Estimate	Threshold	Interpretation
CMIN	1962.445	--	--
DF	105	--	--
CMIN/DF	2.345	Between 1 and 3	Excellent
CFI	0.984	>0.95	Excellent
SRMR	0.064	<0.08	Excellent
RMSEA	0.052	<0.06	Excellent
PClose	0.090	>0.05	Excellent

Source: Field Survey, Mbilla (2017)

According to Hu and Bentler (1999), there are indicators that must be used to measure how fit the data are. These indicators are Normed fit index (NFI),

Comparative fit index (CFI) and Relative non-centrality index (RNI), Root Mean Squared Error of Approximation (RMSEA), Goodness of Fit Index (GFI), Normed Fit Index (NFI) and Comparative Fit Index (CFI). Table 4.5 is the results generated by the AMOS version 21. This result therefore means that all our questionnaire items and constructs have significant relationship among themselves.

SEM for Dependent and Independent Variables

After achieving a model fit for all our data, items and main constructs, the next stage was to analyse our objectives. The researcher proceeded to empirically investigate the objectives of the study. Four main tax compliance drivers were identified. A five point Likert-scale was employed where respondents were asked to answer to the extent to which they agree that the drivers of tax compliance leads to actual tax compliance behaviour. Figure 3 below shows the structural equation model based on the four hypotheses of the study.

Structural Equation Model for Dependent and Independent Variables

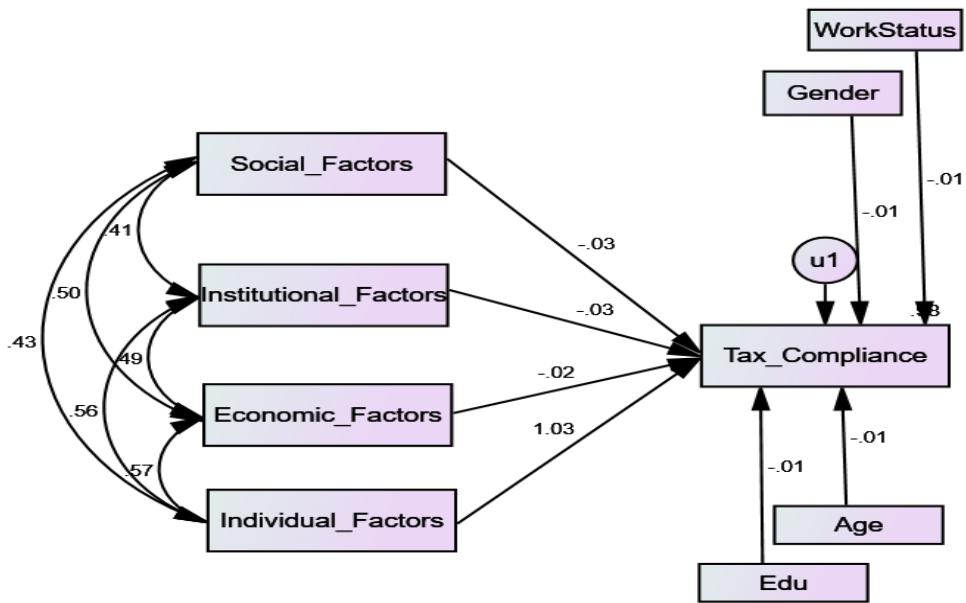


Figure 2: Structural Equation Model for Dependent and Independent Variables

Source: Field Survey, Mbilla (2017)

The final diagram to explain the objectives was also assessed for final fitness. The following fit indices were achieved. The model fit indices are; Goodness of Fit Index (GFI) 0.935, Comparative Fit Index (CFI) 0.961, Normed Fit Index (NFI) 0.943, IFI 0.962, and TLI 0.937, Root Mean Squared Error of Approximation (RMSEA) 0.095, PCLOSE 0.004. These are consistent with Hu and Bentler (1999) and Bagozzi and Li (2012) for model fit.

Hypothesis:

- H1:** there is direct positive influence of Institutional factors and tax compliance behavior among the self-employed in the Bawku West District
- H2:** there is direct positive influence of Economic factors and tax compliance behavior among the self-employed in the Bawku West District
- H3:** there is direct positive influence of Individual factors and tax compliance behavior among the self-employed in the Bawku West District
- H4:** there is direct positive influence of Social factors and tax compliance behavior among the self-employed in the Bawku West District

Table 4.6 - Summary of Study Hypotheses

Hypothesis	Relationship	β Estimate	SE	T-Values	P-Values	Outcome
Hypothesis 1: <i>Institutional Factors have a Positive relationship with Tax compliance</i>	INSF---> TC	-0.026	.012	-2.010	.044	Supported
Hypothesis 2: <i>Economic Factors have a Positive relationship with Tax Compliance</i>	EF--->TC	-0.020	.013	-1.470	.141	Not Supported
Hypothesis 3: <i>Individual Factors has a Positive relationship with Tax compliance</i>	IDF--->TC	1.029	.014	75.975	***	Supported
Hypothesis 4: <i>Social Factors have a Positive relationship with tax Compliance</i>	SOF--->TC	-0.035	.014	-2.896	.004	Supported

Source: Field Data, Mbilla (2017)

Table 4.7 -*Respondents Demographic Characteristics and Tax Compliance*

CONSTRUCT RELATIONSHIP	Estimate	S.E.	C.R.	P
Tax_Compliance <--- Age	-.010	.015	-.679	.497
Tax_Compliance <--- Edu	-.009	.010	-.885	.376
Tax_Compliance <--- Gender	-.021	.020	-1.045	.296
Tax_Compliance <--- Work Status	-.017	.013	-1.359	.174

Source: Field Data, Mbilla (2017)

The first hypothesis (H1) proposed that Institutional factors (INSF) have a significant relationship with tax compliance behaviour. As a result of that, this study hypothesis was supported. This is because, a construct or a variable must have a t-value ≥ 1.96 and p-value ≤ 0.05 in order for the relationship to be supported and since the relationship between institutional factors and tax compliance behaviour has t-value < 1.96 which is -2.010 and a corresponding p-value of $.044$ which is < 0.05 , there is therefore a significant relationship between institutional drivers of compliance and tax compliance behaviour among self-employed.

Hypothesis 2 proposed that economic factors have a direct positive influence on Tax compliance behaviour among self-employed in which case, is one of the constructs for determinant of tax compliance. My result shows that the hypothesis was not supported. This is because, a construct or a variable must have a t-value ≥ 1.96 and p-value ≤ 0.05 in order for the relationship to be supported and since the relationship between economic factors and tax compliance behaviour has t-value of -1.470 and a corresponding p-value of 0.141 which is > 0.05 . Therefore there is no direct

positive relationship between economic drivers of tax compliance and tax compliance among the self-employed in the Bawku West District.

Hypothesis 3 proposed a direct positive relationship between individual's drivers of tax compliance and tax compliance among the self-employed in the Bawku West District. Individual factors, one of the determinants of tax compliance has a significant relationship with tax compliance and as a result of that, the hypothesis is supported. This is because, a construct or a variable must have a t-value ≥ 1.96 and p-value ≤ 0.05 in order for the relationship to be supported, and since the relationship between individual factors and tax compliance has t-value > 1.96 which is 75.975 and a corresponding p-value of (***) which is < 0.05 , meaning that there is a positive significant relationship.

The fourth hypothesis proposed a direct positive relationship between Social factors and tax compliance among the self-employed in the Bawku West District. Social factors, the fourth construct for determinants of tax compliance has a significant relationship with Tax compliance behaviour and as a result of that, the hypothesis is supported. This is because, a construct or a variable must have a t-value ≥ 1.96 and p-value ≤ 0.05 in order for the relationship to be supported and since the relationship between Social factors and tax compliance has t-value > 1.96 which is -2.896 and a corresponding p-value of 0.004 which is < 0.05 . Therefore, there is a positive significant relationship between social drivers of tax compliance and tax compliance at Bawku West District in Ghana.

Although not hypothesized, the study controlled for the effect of Age, educational level, gender and work status of self-employed on their tax compliance behaviour. Ideally, the study did not find any of them as having influence of tax compliance behaviour. Age ($T=-.679$, $P=0.497>0.05$); Educational level ($T=-.885$, $P=0.376>0.05$); Gender ($T=-1.045$, $P=0.296>0.05$); work status ($T=-1.359$, $P=0.174>0.05$). The result therefore means that demographic characteristics of respondents at Bawku West District have no relationship with tax compliance behaviour.

Discussion of Results

H1: There is direct positive relationship between Institutional factors and tax compliance behavior among self-employed.

The first hypothesis of this study proposed that institutional factors such as the role of the tax authority, simplicity of the tax returns and administration and probability of detection among others influence tax compliance among self-employed at Bawku West district. The first hypothesis of the study was confirmed because the relationship between Institutional drivers and tax compliance was supported with least β -estimate (-0.026) and p-value of 0.044. The coefficients show a very weak negative relationship with tax compliance. The implication is that an increase of those variables results in tax compliance decreasing and a decrease results in tax compliance increasing.

This finding is supported by previous findings (Kogler et al., 2013; Turner, 2005) that economic drivers such as tax rates, ease of filing and administrative systems affect tax compliance. In contrast to this study, Torgler (2007) claims that raising marginal tax rates is more likely to encourage taxpayers to evade tax. In conclusion, in terms of policy decision, more

attention should be place on tax-payers knowledge on awareness on the fairness and equitable distribution of tax revenue since an improvement on that would result on tax compliance level of Self-employed increasing

H2: There is direct positive influence of economic factors and tax compliance behavior among self-employed

According to Loo (2006), economic factors affecting tax compliance refer to actions taken by taxpayers who are associated with the costs and benefits of performing those actions. This study found insignificant relationship between economic determinants and tax compliance. Thus, economic factors such as tax rate, government spending, and citizen's benefits of tax obligation prevent people from complying with tax obligations. Findings from this study show that economic factors had the highest β -estimate (-0.20) and p-value of .141 which contradict the hypothesis of the study.

This result implies that taxpayers may intentionally under report their income to minimize their tax liability if they are not detected by the tax authorities (Abukari, 2017). In relation to literature, this result further confirms previous finding (Muehlbacher & Kirchler, 2010; Kuug 2016) that people will not comply with tax obligation if they do not see the real benefits of paying their taxes to government

H3: There is direct positive influence of Individual factors and tax compliance behavior among self-employed

The finding supported the existence of a relationship between Individual factors and tax compliance behavior among self-employed. Thus, individual factors such as fear of penalties, proper financial planning, and fear

of legal battles influences the self-employed to comply with their tax obligation (Chau & Leung, 2009). From the findings, individual determinants of tax compliance recorded average β -estimate (1.029) and p-value of 0.0000 which confirms the hypothesis of the study. The implication here is that fear of fines and penalties prohibit tax non-compliance behaviour (Chau & Leung, 2009). Therefore, establishment of an effective system to penalize tax evaders is an important measure to encourage tax compliance (Abukari, 2017).

The finding of the research confirms previous studies that (Chau & Leung, 2009; Feld & Frey, 2002) drivers such as penalties and fines for non-compliance drives people to comply with tax obligation. The findings also confirms previous studies that personal attitude influence tax compliance (Chan et al., 2000; Kirchler et al., 2008; Trivedi et al., 2005)

H4: There is direct positive influence of Social factors and tax compliance behavior among self-employed

Factors of tax compliance from a social perspective relates to taxpayers' willingness to comply with tax laws in response to other people's behaviour and their social environment (Torgler, 2007). The study proposed that social factors such as ethics, fairness and attitudes drive self-employed to comply with their tax obligation. Result from this study confirms the hypothesis four of this study which suggests that a societal obligation is key in driving tax compliance among self-employed. This in relation to literature, found a positive effect of social factors on tax compliance (Ameyaw et al. 2016).

Again, the findings further confirms the study of Oppong (2015) who found that a large proportion of taxes were used by the government for

meaningless purposes and that there is waste and corruption in government which prevent them from complying with tax obligation. The findings implies that specific factors such as perception of equity and fairness, ethnics and attitudes of taxpayers towards tax compliance, and finally peer influence importantly drives tax compliance. For instance, Palil and Mustafa (2011) noted that if individual feels that the tax burden is higher than other people within the same income group, the compliance level probably decreases.

Influence of Demographic factors on Tax Compliance among self-employed in the Bawku West District

Previous studies have found evidence to support the fact that characteristics of individuals influence their level of tax compliance (Obikeze & Eze 2013). Quite importantly, this study result did find that, indeed age of respondents, level of education, gender and work status are non-relevant to influencing tax compliance in the district. These findings are consistent with Kucera, 2002; Mohamad, Mustafa and Asri, 2007; who found that personal characteristics such as education influences tax compliance. Again, the findings contradict previous study by Naporow (2015) who found that, respondents with no or less formal education were highly non-compliant to the payment of income tax.

Thus, institutional factors, individual factors and social factors were found to be significant drivers of tax compliance among self-employed in Bawku West district. Economic factors were found to have insignificant effect on self-employed in the Bawku West district. Again, Age, education, gender and work status were also found to be insignificant with tax compliance behavior.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

Introduction

The concluding chapter of this study opens with a summary of the objectives of the study, its methodology and data analyses techniques. It proceeds with a summary of the key findings pertaining to each objective and the conclusions drawn from them. Specific recommendations from the findings and conclusions are made to stakeholders for decision making.

Summary

The goal of this research is to examine the determinant of tax compliance among self-employed in the Bawku West District. A sample size of 379 was drawn from a population of 29,089 based on Krejcie and Morgan's (1970) table. The self-administered questionnaires developed from a thorough review of the existing literature and tested for reliability and validity were distributed to respondents. The methods of analysis were both descriptive analyses (Respondents characteristics) while Structural equation model (SEM) was used for regression to test study hypotheses.

In order to ensure a fair representation of all the respondents in the study descriptive analysis was undertaken. The findings showed that majority of 130 self-employed are males within the age range of 25-34 years. Again, the result showed that most of the self-employed of 131 have non-formal education while majority of 39.9 percent of the self-employed operate in the agriculture and agric-related activities. This result appear to suggest that self-employed in Bawku West District in Ghana are very youthful.

The first objective of the study focused on assessing the institutional determinant on tax compliance of self-employed. The result from objective one shows that there was a significant relationship between institutional factors on tax compliance at Bawku West District. This result implies that, considering the tax administrative system, when tax system is simplified will improve tax compliance. Even though the relationship is significant there is a negative relationship between institutional drivers of tax compliance on tax compliance behavior, thus a concern for tax authorities to ensure how to deploy their institutional factors.

On Objective two, the relationship between economic determinant and tax compliance was examined and the following main issues emerged. The result showed that there is no significant positive relationship between economic drivers of tax compliance on tax compliance behavior among self-employed in the Bawku West District. This result indicates that tax rate, perception of taxpayers on government spending, influence of auditors among other economic factors do not necessarily forces people to comply with tax. The implication here is that there is the need to reconsider the tax rate since it scares people from complying with tax.

With regards to objective three, the study found that there is a significant relationship between individual factors on tax compliance behavior and therefore, individual factors have a strong positive relationship with tax compliance behavior among the self-employed. This result implies that fear of tax penalties actually drives people to comply with tax. This result further showed that individual factors are the strongest driver of tax compliance at Bawku West District. Consequently, it implies that while government

considers revising the tax systems, government measures to instill punishment for tax evasion will help ensure compliance.

On objective four, the study found that there is a significant relationship between social factors and tax compliance behaviour among the self-employed. The results suggest that, social factors such as ethics, fairness and attitudes drive self-employed to comply with their tax obligation. Quite importantly, the confirming hypothesis four suggests that a societal obligation is key in driving tax compliance among self-employed. Again, the result shows that there is a negative relationship between social factors and tax compliance among the self-employed in the Bawku West District. This result means that government must not focus excessive effort in deploying social measures to ensure tax compliance

However, the study found that demographic characteristics of the self-employed such as age of respondents, gender, work status do not influence tax compliance behavior among the self-employed in the Bawku West District. This result suggests that government tax policy must not excessively focus on using gender or education. The level of education or sector of operation should not be considered in designing tax policy for tax compliance

Conclusion

On objective one the study concludes that institutional factors such as voluntary tax filling systems, simplicity of filling procedure, openness and less complication are essential to influencing tax compliance among self-employed in the Bawku West District in Ghana.

Continuing with the second objective, the study concludes that Economic factors such as rate of taxation, audit visitors, government use of tax

revenue do not influence tax compliance among self-employed in Bawku West District. Self-employed see that rate of taxation, government use of revenue prevent people from complying with tax obligation at Bawku West District.

The third objective however concludes that, individual factors such as awareness of tax evasion, penalties, offences obligation and legal battles influences self-employed to comply with tax obligations at the district. Individual drivers of tax compliance are the strongest drivers of tax compliance among the self-employed in the district.

Finally, the results from the fourth objective shows that, Social factors such as ethics, values, attitudes, perception of equity, government policies, feeling of personal obligation drives self-employed to comply with tax obligations.

Recommendations

The study recommends that, government must ensure judicious use of tax revenue and equitable distribution of national wealth to ensure that all citizens derive the needed benefits from their tax obligations. This recommendation is based on Oberholzer (2005) who advocated that Government should be transparent in the utilization of taxpayers' "money".

Again, government must remove all bottlenecks in tax administrative systems. Removing excessive bureaucratic processes will require several practices and interventions. This could be done in collaboration with telecommunication services such as (Mobile money platforms) where self-employed can easily pay their tax returns. This recommendation is based on

the findings that institutional factors significantly influence tax compliance in the district.

The study also recommends that chiefs, opinion leaders, social and religious leaders in the society must join government effort to educate and inform members (citizens) on the need to be responsible by filling tax returns regularly and accurately. Festivals and social events can be used as avenues for education, information and advocacy for member to be socially responsible. This recommendation is informed based on the findings that social factors strongly influence tax compliance among self-employed in Bawku West District of Ghana. Notwithstanding, individuals must develop personal drive to be socially responsible by filling and paying the taxes promptly.

Lastly, Government needs not intensify fines and penalties on self-employed as a means to checking tax evasion. In effect, the study recommends that effort should focus on reducing the tax rates and use taxes judiciously in order to positively influence perception of taxpayers. This recommendation is based on the findings that economic factors do not influence tax compliance positively.

Last, government must not emphasize on characteristics of respondents in designing tax policies. Personal characteristics such as ages, level of education and sector of operation do not drive self-employed to comply with tax obligations

Future Research Direction

The study used clustering sampling technique to sample respondents and therefore other studies may employ simple random sampling techniques to widen the scope of the sample for the study. Again, this study is limited to

Bawku West District in Ghana, thus future studies may consider expanding the scope into other districts, metropolis and regions in Ghana.

REFERENCES

- Abdallah, A. (2006). *Taxation in Ghana-principles, practice and planning*. Accra: Black Mask Ltd.
- Abdallah, A. N. (2014). *Taxation in Ghana: Principles, practice and planning* (3rd ed.). Accra: Black Mask Limited.
- Abdul-Razak, A., & Adafula, C. J. (2013). Evaluating taxpayers' attitude and its influence on tax compliance decisions in Tamale, Ghana. *Journal of Accounting and Taxation*, 5(3), 48-57. Retrieved from <http://www.doi:10.5897/JAT2013.0120>.
- Adamopoulos, A., (2010). Financial development and economic growth. An empirical analysis for Ireland. *International Journal of Economic Sciences and Applied Research*, 3(1), 75-88.
- Adom, K., & Williams, C. C. (2012). Evaluating the motives of informal entrepreneurs in Koforidua, Ghana. *Journal of Developmental Entrepreneurship*, 17(01), 1250005.
- Agyei, A. K. (2004). Income tax evasion: The Ghanaian experience. *Journal of Management Studies*, 1(2), 40, 24-31.
- Agyeman, D. E. (2005). *Income tax, gift tax and capital gain tax with supplementary questions* (1sted). Accra: EDA Publication.
- Ajzen, I & Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. Englie wood Cliffs, New Jersey: Prentice Hall.
- Akakpo, V. I. A. (2009). *Principles concepts and practice of taxation* (3rd ed.).Accra: AMS Publication.

- Ali, M., Cecil, H., & Knoblett, J. (2001). The effect of tax rates and enforcement policies on tax compliance. A Study of Self Employed Taxpayers. *American Economic Journal*, 29(2), 86-202.
- Allingham, M., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics* 1, 323-338.
- Ameyaw, B., Oppong, A., Abruquah, L. A., & Ashalley, E. (2016). Informal sector tax compliance issues and the causality nexus between taxation and economic growth: *Empirical evidence from Ghana. Modern Economy*, 7, 1478-1497. Retrieved from <http://dx.doi.org/10.4236/me.2016.712134>.
- Amini, A., Darani, M., Afshani, M., & Amini, Z. (2012). Effectiveness of marketing strategies and corporate image on brand equity as a sustainable competitive advantage. *Interdisciplinary Journal of Contemporary Research in Business*, 4(2), 192-205.
- Asante, S. & Marfo-Yiadom, E. (2010). *Taxation module for Centre for Continuing Education, University of Cape Coast*. Accra: Mercury Press.
- Asante, S. & Seidu, A.B. (2011). Tax Compliance Among Self-Employed in Ghana: Do Demographic Characteristics Matter? *International Business and Management*, 3(1), 86-91.
- Atawodi, O. W. & Ojeka, S. A. (2012). Factors that affect tax compliance among small and medium enterprise in North Central Nigeria. *International Journal of Business Management*, 7(12), 55-76.
- Ayres, I., & Braithwaite, J. (1992). *Responsive regulation*. Cambridge: Cambridge University Press.

- Bagozzi, R. P., & Yi, Y. (2012). Specification, evaluation, and interpretation of structural equation models. *Journal of the academy of marketing science*, 40(1), 8-34.
- Bird, R. M. (2003). *Administrative Constraint on tax policy*. Bath: Fiscal publication.
- Blanchflower, D. G., & Oswald, A. J. (1990). *What makes a young entrepreneur?* Centre for labour economics, London School of Economics. Discussion Paper 373.
- Braithwaite, V. (1995). Games of engagement: Postures within the regulatory community. *Law and Policy*, 17(3), 41-52.
- Braithwaite, V. (2003). Taxing democracy: Understanding tax avoidance and evasion. *Law and Policy*. 29, 3-10.
- Braithwaite, V. (2003). Taxing democracy: Understanding tax avoidance and evasion. *Law and Policy*. 29, 3-10.
- Braithwaite, V., & Ahmed, E. (2005). A threat to tax morale: The case of Australian higher education policy. *Journal of Economic Psychology*. 26(4), 523-540.
- Brown, S., Farrell, L., & Harris, M. N. (2003). Who are the self-employed? A new approach. Department of Economics and Business statistics. Monash University, Australia. *Working Paper*, 11/2003.
- Butler, C. (1993). Self-assessment: the way forward. *Tax National*, 2-3.
- Byrne, B. M. (2013). *Structural equation modeling with LISREL, PRELIS, and SIMPLIS: Basic concepts, applications, and programming*. Psychology Press.

- Camel, D. (2000). Self-employed in the United Kingdom and Ireland. Current trends, policies and programmes. *Working Profiles*, 9(2) 45-58.
- Chan, C., Troutman, C., & O'Bryan, D. (2000). An expanded model of taxpayer compliance: Empirical evidence from United States and Hong Kong. *Journal of International Accounting, Auditing and Taxation*, 9(2), 83 -103.
- Chau, G., & Leung, P. (2009). A critical review of fisher tax compliance model: A research synthesis. *Journal of Accounting and Taxation*, 1, 34-40.
- Chepkurui, C., Namusonge, G., Oteki, E., & Ezekiel, C. (2014). Factors affecting tax compliance among small and medium enterprises in Kenya. *International Journal of Recent Research in Commerce, Economics and Management*, 1(3), 60-65.
- Connelly, R. (1992). Self-employment and providing child care". *Demography*, 29(2), 258-264.
- Controller and Accountant General Department (2012). *Consolidated Accounts*, Retrieved Septemer2014,fromCagd.gov.gh/Portal/files/Text-2012-Public-Accounts. Pdf.
- Creswell, J. W., & Designm, R. (2003). Qualitative, quantitative, and mixed method approaches. *Aufl. Thousand Oaks*.
- Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. *psychometrika*, 16(3), 297-334.
- Dean P., Keenan, T., & Kenney F. (1980). Tax payer attitude to income tax evasion: An empirical study. *British Tax Review*.

- Drummond, P., W. Daal, N. Srivastava & L. E. Oliveira (2012). Mobilizing revenue in sub-Saharan Africa: empirical norms and key determinants. *IMF Working Paper WP/12/108*. Washington DC.: International Monetary Fund.
- Fairlie, R. W. (2005). Self-employment, entrepreneurship and the NLSY79. *Journal of Labour Economics*, 20(3), 40- 47.
- Feld, L., & dan Frey, B. (2002). Tust Breeds Trust: How Taxpayer are Treated. *Economics of Governance* 3, 87-99. Retrieved from <http://dx.doi.org/10.1007/s101010100032>.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing research*, 39-50.
- Fuchs, V.R. (1982) Self-employment and labour force participation of older males. *Journal of Human Resources*. 97(6), 286-297.
- Fuest, C., & Riedel, N. (2009). Tax evasion, tax avoidance and the tax expenditure in developing countries: A review of the literature. *Report prepared for the United Kingdom Department for International Development (DFID)*. London: Oxford University for Business Taxation.
- Ghana Statistical Service (2010). *Bawku West District 2010 Population and Housing Census Analytical report*.
- Ghana Revenue Authority. (2012). *Ghana Revenue Authority News*, May 2012, 2(10), 20-29
- Ghana Revenue Authority. (2013). *Ghana Revenue Authority Magazine*, May 2013, 3(12), 40-45.

- Gill, J. (2003). *The nuts and bolts of revenue administration reform*. Washington DC: World Bank.
- Grabosky, P., & Braithwaite, J. (1986). *Of manners gentle: Strategies of Australian business regulatory agencies*. Oxford: Oxford University Press.
- Hair, J. F., Anderson, R. E., Babin, B. J., & Black, W. C. (2010). *Multivariate data analysis: A global perspective* (7). Upper Saddle River, NJ: Pearson.
- Henderson, C., & Kaplan, S. (2005). An examination of the role of ethics in tax compliance decisions. *Journal of the American Taxation Association*, 27(1), 39-72.
- Hu, L. T., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: a Multidisciplinary Journal*, 6(1), 1-55.
- Kasipillai, J., Aripin, N., & Amran, N. A. (2003). The influence of education on tax avoidance and tax evasion. *Electronic Journal of Tax Research*, 1(2), 134–146.
- Kidd, M. P. (1993). Immigrant wage differentials and the role of self-employment in Australia. *Australia Economic Paper*, 32(4), 92–115.
- Kirchler, E. (2007). *The economic psychology of tax behaviour*. Cambridge: Cambridge University Press.
- Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance: The slippery slope framework. *Journal of Economic Psychology*. 29, 210-225.

- Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary compliance: The “slippery slope” framework. *Journal of Economic Psychology*, 29, 210-255. Retrieved from <http://dx.doi.org/10.1016/j.joep.2007.05.004>.
- Kogler, C., Batrancea, L., Nichita, A., Pantya, J., Belianin, A., & danKirchler, E. (2013). Trust and power as determinants of tax compliance: Testing the assumptions of the slippery slope framework in Austria, Hungary, Romania and Russia. *Journal of Economic Psychology*, 34, 169-180. Retrieved from <http://dx.doi.org/10.1016/j.joep.2012.09.010>.
- Kothari, C. R. (2004). *Research methodology: Methods and techniques*. New Age International.
- Kucera, D. (2002). Core labour standards and foreign direct investment. *International Labour Review*, 141(1/2), 31-69.
- Kushnir, K. (2010). A Universal Definition of Small Enterprise: A Procrustean bed for SMEs. *The World Bank*, 8.
- Kuug, S. N. (2016). *Factors influencing tax compliance of small and medium enterprises in Ghana*. Unpublished masters’ thesis, Department of Accounting and Finance, University of Ghana. Legon, Ghana.
- Le, A. (2009). Empirical studies of self-employed. *Journal of Economic Surveys*, 13(4), 381 – 416.
- Leedy, P. D., & Ormrod, J. E. (2001). *Practical research: Planning and research*. Upper Saddle.
- Lewis, P., Thornhill, A., & Saunders, M. (2003). *Employee relations: understanding the employment relationship*. Pearson Education.

- Loo, E. C. (2006). Tax knowledge, tax structure and compliance: A report on a quasi-experiment. *New Zealand Journal of Taxation Law and Policy*, 12(2), 117-140.
- Malhotra, N. K., Birks, D. F., Palmer, A., & Koenig-Lewis, N. (2003). Market research: an applied approach. *Journal of marketing management*, 27, 1208-1213.
- Manaf, A., Aziah, N., Hasseldine, J., & Hodges, R. (2005). The Determinants of Malaysian Land Taxpayers' Compliance Attitudes. *eJournal of Tax Research*, 3(2).
- Ming, L., Normala, S., & Meera, A. (2005). Towards electronic tax filing: Technological readiness and responses of Malaysian tax practitioners. *Tax Nasional*, 16-23.
- Ministry of Finance (2013). *Budget statement for 2014*. Retrieved August 2015, from [http://www.pwc.com/gh/en/assets/2014 budget highlights](http://www.pwc.com/gh/en/assets/2014%20budget%20highlights)
- Ministry of Finance (2014). *Budget statement for 2015*. Retrieved August 2015, from [www.notep.gov.gh/?q=new/191113/2015-budget statement](http://www.notep.gov.gh/?q=new/191113/2015-budget-statement).
- Mohamad Ali, A., Mustafa, H., & Asri, M. (2007). The effects of knowledge on tax compliance behaviours among Malaysian taxpayers. *International Conference on Business and Information*. Tokyo, Japan.
- Mohani, A., (2003). *Income tax non-compliance in Malaysia*. New Jersey, USA: Prentice Hall.
- Muehlbacher, S., & Kirchler, E. (2010). Tax compliance by trust and power of authorities. *International Economic Journal*, 24(4), 607-610.

- Murphy, K. (2004). *An examination of taxpayers' attitudes towards the Australian tax system: findings from a survey of tax scheme investors, centre for tax system integrity*. Australian National University, Research School of Social Sciences, Canberra.
- Murphy, K. (2005). Regulating more effectively: The relationship between procedural justice, legitimacy and tax non-compliance. *Journal of Law and Society*, 32, 562-589.
- Mukasa, J. (2011). *Tax knowledge, perceived tax fairness and tax compliance in agenda. The case of Small and medium income taxpayers in Kampala Central Division*. Master's thesis. Makerere University
- Naporow, I. Y. (2015). *Promoting income compliance among the self-employed in the Tamale Metropolis of Ghana*. Unpublished masters' thesis, Department of Accounting and Finance, School of Business, Kwame Nkrumah University of Science and Technology. Ghana, Kumasi.
- Nunnally, J. (1978). *Psychometric methods*.
- Oberholzer, R. (2008). Attitudes of South African taxpayers towards taxation: A Pilot Study. *Accountancy Business and the Public Interest* (7:1).
- Opong, D. (2015). *Assessing the vehicle income tax payment within the informal sector: A case study of Kumasi metropolis*. Unpublished masters' thesis, KNUST Business School, College of Humanities and Social sciences, Kwame Nkrumah University of Science and Technology. Kumasi, Ghana.

- Organisation for Economic Co-operation and Development (2012). *Reducing opportunities for tax non-compliance in the underground economy*. Paris: OECD.
- Otabil, E. A. (2015). *Taxation of the informal sector in Ghana: A case study of Komenda-Edina-Eguafo-Abrem Municipality*. Unpublished bachelors' thesis, Department of Accounting and Finance, School of Business, College of Arts and Social Science, Kwame Nkrumah University of Science and Technology. Kumasi, Ghana.
- Owens, J., & Hamilton, S. (2004). Experience and innovations in other countries. In H. Aaron & Slemrod, J. (Eds.). *Crisis in tax administration* (pp. 347-379). Washington DC: Brookings Institute Press.
- Palil, M. R. (2010). *Determinants of tax compliance in self-assessment system in Malaysia*. PhD. Thesis. University of Birmingham.
- Pallant, J. (2007). *SPSS survival manual: A step by step guide to data analysis using SPSS version 15*. New York, NY: McGraw-Hill.
- Razak, A.A., & dan Adafula, C. J. (2013). Evaluating taxpayers' attitude and its influence on tax compliance decisions in Tamale, Ghana. *Journal of Accounting and Taxation*, 5, 48-57. Retrieved from <http://dx.doi.org/10.5897/JAT2013.0120>.
- Richardson, D. (2006). Determinants of tax evasion: A cross-country investigation. *Journal of International Accounting, Auditing and Taxation*. 15, 150-169. Retrieved from <http://dx.doi.org/10.1016/j.intaccudtax.2006.08.005>.

- Richardson, G. (2008). The relationship between culture and tax evasion across countries: Additional evidence and extensions. *Journal of International Accounting, Auditing and Taxation*, 17(2), 67-78.
- Richardson, M., & Sawyer, A. J. (2001). A Taxonomy of the tax compliance literature: Further findings, problem and prospects. *Australian Tax Forum*, 16(2), 137-320.
- Robson, M. (1998). The rise in self-employment amongst UK males. *Small Business Economics*, 10, 199-212.
- Sachibu, H. S. (2012). *Reasons for low tax compliance in Tamale*. Tamale: Bemenco Press.
- Saunders, M., Lewis, P., Thornhill, A., Booij, M., & Verckens, J. P. (2011). *Methoden en technieken van onderzoek*. Pearson Education.
- Schiller, B., & Crewson, P. (2007). Entrepreneurial origin: A longitudinal inquiry. *Economic Inquiry*. 25, 523-531.
- Silvani, C., & Baer, K. (1997). *Designing a Tax Administration Reform Strategy: Experiences and Guidelines*. Washington, DC: International Monetary Fund Working Paper.
- Singh, V. (2003). *Tax compliance and ethical decision-making*. Petaling Jaya, Malaysian: Longman.
- Spicer, M., & Becker, L. (1980). Fiscal inequity and tax evasion: An experimental approach. *National Tax Journal*, 33(2), 171-175.
- Stephen, K.A., Abdallah, M.I & Hamza, K. (2015). The effect of demographic characteristics of small and medium entrepreneurs on tax compliance in Tamale metropolis, Ghana. *International Journal of Economics, Commerce and Management*, 1(1), 1-60

- Thuronyi, V. (2013). *Presumptive taxation of the hard to tax. The hard to tax: An international perspective*. Paper presented at the conference, Atlanta, Georgia.
- Tittle, C., & Logan, C. (1973). Sanctions and deviance evidence and remaining questions. *Law and Society Review*: Spring, 371-389.
- Torgler, B., & Valev, N. T. (2007). Public attitudes towards corruption and tax evasion: Investigating the role of gender over time. *School of Economics and Finance Discussion Papers and Working Papers series 214*, School of Economics and Finance, Queensland University of Technology.
- Torgler, B., Demir, I. C., Macintyre, A., & danSchaffner, M. (2008). Causes and consequences of tax morale: An empirical investigation. *Economic Analysis and Policy*, 38(2), 313-339.
- Trivedi, V. U., Shehata, M., & Mestelman, S. (2005). Attitudes, incentives and tax compliance. *Canadian Tax Journal*, 52(1), 29-61.
- Tyler, T. R. (2006). *Why people obey the law*. Princeton: Princeton University.
- Tyler, T., & Lind, E. (1992). A relational model of authority in groups. In M. Zanna (Ed.), *Advances in experimental social psychology* (pp. 115-191). San Diego, CA: Academic Press.
- Wallshutzky, I. G. (1984). Possible causes of tax evasion. *Journal of Economic Psychology*, 5(1), 371-384.
- Wenzel, M. (2007). The multiplicity of taxpayer identities and their implications for tax ethics. *Law and Policy*, 29(1), 31-50.

- Yakubu, N.I. (2015). *Promoting income tax compliance among self- employed in the Tamale metropolis*. A thesis submitted to the department of Accounting and Finance, Kwame Nkrumah University of Science and Technology. Master of Business Administration (Accounting Option), 2015.
- Young, S. (2011). Tax compliance and small and medium enterprises operators: *An intra-cultural study in New Zealand*. (Phd) Thesis. Auckland University of Technology.
- Yin, L., Wemah, S., & Abugre, A. S. (2016). Assessment of tax stamp strategies and income tax compliance among private entrepreneurs in Ghana. *International Journal of Innovative Research and Development*, 5(13), 78-92.
- Zikmund, W. G., McLeod, R., & Gilbert, F. W. (2003). *Customer relationship management: Integrating marketing strategy and information technology*. Wiley.

**UNIVERSITY OF CAPE COAST
SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING**

RESEARCH QUESTIONNAIRE

INTRODUCTION

The researcher is a Master of Commerce student at the University of Cape Coast offering Master of Commerce (Accounting) Programme. The researcher is conducting a study on the topic “*Assessment of Tax Compliance of Self-Employed in the Bawku West District of the Ghana*”. This is in partial fulfilment of the requirements for the award of a Master of Commerce (MCOM) degree. Please your response provided for this academic purpose will be treated with high confidentiality.

THANK YOU.

Please write or tick [√] where applicable

SECTION A: DEMOGRAPHIC INFORMATION OF RESPONDENTS

1. Sex distribution Male [] Female []
2. Age range of respondents in years:
18-24[] 25-34 [] 35-44 [] 55-65 [] 65-above []
3. Educational level: Non formal [] Primary Education []
Secondary Education [] University []
4. Which Sector of the Ghanaian do you operate? (years)
Service [] Industry [] Agric and Agric-business []
Other works []
5. Which regulatory authority are you registered with in your locality (Ghana)?
GRA [] RGD [] NBSSI/AGI []
Other.....

SECTION B: DETERMINANTS OF TAX COMPLIANCE

6. To what extent do you **AGREE** with the following statement of Tax compliance at Bawku West

1-Least Agree; 2- Disagree; 3-Neutral; 4- Agree; 5-Strogly Agree

No	Determinants of Tax Compliance	1	2	3	4	5
A	ECONOMIC FACTORS					
EF1	I comply with my tax obligations because the tax rates is “ok” for me to pay					
EF2	I complete and file my tax return regularly because tax auditors visit me to check my tax returns					
EF3	I comply with my tax obligations because government spend the tax revenue judiciously					
EF4	I file my tax returns because I receive benefits from government					
EF5	Tax rate is transparent so I always file my tax returns to tax authorities					
B	Institutional Factor:					
ISF1	I file and pay my tax return because tax authorities makes it voluntary for me to file					
ISF2	My tax returns is always filed because it is simple for me to file the tax returns					
ISF3	The administrative system is simple for me file my tax returns at the tax office					
ISF4	I file my tax return because is it easy for tax authorities to detect defaulters					
IS5	I file my tax returns because there is no complication and hidden information in the process of filling my tax return					
C	Individual Factors					
IDF1	I file and pay my tax because I run my finances well so that I can pay					
IDF2	I am aware of the offences so I always comply with my tax obligation					
IDF3	Defaulting tax obligation has severe penalties so I always comply with my tax obligation					
IDF4	I do not want my business to suffer from legal battles so I always file my tax return					
IDF5	As a business owner I feel that filing my tax return will help my business image					
D	Social Factors					
IDF 1	I file my tax returns because it is ethical to file my tax returns regularly					
IDF2	I file my tax return because it is equitable and fair to contribute my quota to national development					
IDF3	Changes on current government policy allows me to file my tax returns easily					

IDF4	It is my attitude as a business person to file my tax returns					
IDF5	As part of a business group it is my obligation to always file my tax return					

SECTION C: TAX COMPLIANCE

7. To what extent do you agree that of tax compliance influences you to comply with tax obligation?

Where 1-Least Disagree; 2- Disagree; 3-Neutral; 4- Agree; 5-Strogly Agree

No	TAX COMPLIANCE	1	2	3	4	5
TC1	Because of simple filling process I do not have any intention to evade filling and paying taxes					
TC2	Government uses my taxes for my good so I do not intent to reduce my official tax amount					
TC3	As an ethical business person I will feel bad if I don't file my tax return regularly at the tax office					
TC4	The tax rate is "ok" for me so I do not intend to hide any information in my tax returns					
TC5	The tax is fair and equitable so I am willing to file my tax returns					

Table 12- *Structural Equation Table for Economic Factors and Tax Compliance*

CONSTRUCT RELATIONSHIP		Estimate	S.E.	C.R.	P	Label
Tax Compliance	<--- Age	-.007	.015	-.679	.497	par_1
Tax Compliance	<--- Edu	-.009	.010	-.885	.376	par_2
Tax Compliance	<--- Gender	-.011	.020	-1.045	.296	par_3
Tax Compliance	<--- Work Status	-.014	.013	-1.359	.174	par_4
Tax Compliance	<--- Economic Factors	-.020	.013	-1.470	.141	par_5

Table 13- *Structural Equation Table for Individual Factors and Tax Compliance*

CONSTRUCT RELATIONSHIP		Estimate	S.E.	C.R.	P	Label
Tax Compliance	<--- Age	-.007	.015	-.679	.497	par_1
Tax Compliance	<--- Edu	-.009	.010	-.885	.376	par_2
Tax Compliance	<--- Gender	-.011	.020	-1.045	.296	par_3
Tax Compliance	<--- Work Status	-.014	.013	-1.359	.174	par_4
Tax Compliance	<--- Individual Factors	1.029	.014	75.97	***	par_6

Table 14- *Structural Equation Table for Institutional Factors and Tax Compliance*

CONSTRUCT RELATIONSHIP		Estimate	S.E.	C.R.	P	Label
Tax Compliance	<--- Age	-.007	.015	-.679	.497	par_1
Tax Compliance	<--- Edu	-.009	.010	-.885	.376	par_2
Tax Compliance	<--- Gender	-.011	.020	-1.045	.296	par_3
Tax Compliance	<--- Work Status	-.014	.013	-1.359	.174	par_4
Tax Compliance	<--- Institutional Factors	-.026	.012	-2.010	.044	par_7

Table 15- *Structural Equation Table for Social Factors and Tax Compliance*

CONSTRUCT RELATIONSHIP		Estimate	S.E.	C.R.	P	Label
Tax Compliance	<--- Age	-.007	.015	-.679	.497	par_1
Tax Compliance	<--- Edu	-.009	.010	-.885	.376	par_2
Tax Compliance	<--- Gender	-.011	.020	-1.045	.296	par_3
Tax Compliance	<--- Work Status	-.014	.013	-1.359	.174	par_4
Tax Compliance	<--- Social Factors	-.035	.014	-2.896	.004	par_8