

Trust and Tax Morale: The Role of Governance Quality, Institutional, Media Campaigns

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ABSTRACT

Institutional theory posits that the interaction of governance quality and institutional factors within both organizational and societal contexts shapes tax morale. Trust plays a key role at both interpersonal and institutional levels, enhancing tax morale and compliance. In today's information age, the media significantly influences opinions and norms related to tax ethics. This study explores the mediating role of trust between governance quality and institutional determinants of tax morale, while also examining the moderating effect of media campaigns on this relationship, filling a gap in the literature. Using a survey of 418 individual taxpayers, the study finds that trust significantly mediates the effects of governance quality and institutional factors on tax morale. However, media campaigns show limited effectiveness in moderating the impact of trust on tax morale. These findings emphasize the importance of trust in shaping tax morale and highlight its potential as a strategic tool for enhancing tax compliance and ethical tax behavior.

Keywords: Governance quality; institutional determinants; trust; media campaigns; tax morale.

INTRODUCTION

Tax morale, defined as the intrinsic motivation to fulfill tax obligations out of a sense of moral duty towards society [32,41], significantly promotes voluntary tax compliance [14]. Despite its importance, many taxpayers exhibit reluctance to pay taxes primarily due to low tax morale rather than lack of understanding, evident in widespread tax evasion in Indonesia. There is a strong correlation between tax evasion and low tax morale, where high evasion rates undermine morale, and conversely, low tax morale drives evasion [33].

Governance quality and institutional factors influence tax morale. Institutional theory posits that tax morale evolves within organizational and societal frameworks [15], emphasizing governance quality's critical role. Poor governance negatively impacts tax system integrity and, consequently, tax morale [25]. Trust acts as a crucial mediator between governance quality, institutional factors, and tax morale [29,18]. Social trust enhances tax compliance, as individuals are more inclined to pay taxes when they believe others do the same. Trust in government institutions also boosts tax morale, fostering willingness to contribute taxes under the belief in fair fund allocation and just enforcement of tax laws. Transparent and accountable government operations further bolster taxpayer trust in the tax system [42,15].

Beyond governance and institutional factors, media campaigns significantly influence public

perceptions, norms, and beliefs surrounding taxation. By leveraging strategic media channels, governments can effectively convey key messages on the essential role of taxes in financing public services, thereby resonating with taxpayers' intrinsic values and bolstering tax morale [36]. Moreover, these campaigns can target both the psychological and social aspects of tax morale, shaping horizontal trust (trust among taxpayers) and vertical trust (trust in governmental institutions) [30]. In contexts such as Indonesia, where low tax morale is a key driver of widespread tax evasion, well-designed media campaigns hold substantial potential as a mechanism for reshaping public perceptions and attitudes toward taxation and ultimately enhancing tax compliance. This study delves into the complex dynamics influencing tax morale, with a particular focus on governance quality, institutional factors, and the mediating role of trust. Additionally, it examines the impact of media campaigns on public opinion and behavior in the digital era, particularly regarding the reinforcement of tax morale and the promotion of tax compliance. By analyzing these interconnected factors, this research seeks to offer valuable insights into strategies for enhancing governance, optimizing communication policies, and fostering a more robust culture of tax compliance.

Institutional Theory

Institutional theory, evolving over time, connects historical and contemporary paradigms to

illustrate changes in institutions. It emphasizes the crucial role of institutions, including the state, in promoting economic growth and socio-economic advancement [5]. Institutions are fundamental drivers of long-term economic success, with variations in economic institutions central to theories of comparative development. This theory challenges the notion that private property rights and market freedoms alone are essential for development. Regarding tax morale, institutional theory explains how institutions influence individual attitudes toward taxation, suggesting that economic history and institutional evolution shape it significantly. Institutional collective action theory, for instance, highlights social capital and past institutional cooperation, fostering a shared obligation and trust in the state's utilization of tax revenues for public benefit [31]. Moreover, the theory argues that the design and operation of tax institutions, such as tax administration and enforcement, affect tax morale and compliance. Therefore, institutional theory provides a comprehensive framework for understanding the historical, social, and economic factors that underpin tax morale and compliance.

The Relevance of Governance Quality to Trust

Governance quality significantly shapes trust in government across diverse contexts. Extensive research indicates that institutional quality is crucial for fostering societal trust, highlighting the substantial contribution of effective government institutions [8]. Empirical studies also demonstrate that effective policy implementation enhances political trust, underscoring governance quality's profound impact on trust in governmental entities [24]. Service quality strongly influences government trust, emphasizing the role of government-provided services in shaping public trust [12,45]. Service quality significantly affects both trust in government and citizen satisfaction [2,4]. These findings illustrate the intricate link between governance quality and trust in government, where trust formation hinges on factors such as service delivery, environmental governance, and fiscal decentralization. We propose the following hypothesis based on these insights:

H₁: Governance quality influences trust.

The Relevance of Institutional Determinants of Trust

In the context of taxation, institutional factors profoundly influence taxpayer trust and compliance [39,2]. Trust in this context is multifaceted, shaped by cultural, institutional, and social dimensions, collectively influencing taxpayer conduct. Research

indicates a positive relationship between trust in authorities and tax compliance, highlighting governance trust as pivotal in shaping taxpayer behavior [13]. Taxpayer trust in tax authorities encourages voluntary compliance, underscoring the connection between trust and taxpayer actions [44]. Public trust in tax authorities significantly impacts policies aimed at improving voluntary compliance, illustrating the broad-reaching effects of institutional trust [40]. This emphasizes how trust in governmental and legal institutions profoundly affects taxpayer adherence to fiscal obligations, highlighting its pivotal role in shaping compliance behavior. We propose the following hypothesis based on these insights:

H₂: Institutional determinants influence trust.

Relevance of Media Campaigns, Trust, and Tax Morale

Understanding how media campaigns affect tax morale involves analyzing the complex interaction among tax morale, trust, compliance, and institutional dynamics. Trust in government has a significant impact on tax morale, highlighting its crucial role in shaping taxpayer behavior [32]. Furthermore, negative media depictions of public authorities can diminish vertical trust, thereby reducing tax morale [15].

Mass media campaigns serve as a highly effective tool in shaping public perceptions regarding the fairness and accountability of the tax system [27,30]. For instance, campaigns that emphasize the transparency of tax fund allocations to public services, such as infrastructure, healthcare, and education, can significantly enhance the public's positive perceptions of government. Moreover, educational campaigns can bolster confidence in the fair enforcement of tax laws by highlighting the positive impacts of tax compliance and showcasing the success of tax authorities in curbing tax evasion. In Indonesia, digital media campaigns, including those on social media platforms, are frequently employed to disseminate educational content about individual contributions to national development, ultimately reinforcing vertical trust in tax authorities.

Empirical studies also indicate that mass media campaigns can alter how people file their income taxes, demonstrating their role in influencing tax compliance [19]. Trust in authorities plays a crucial role in tax compliance, highlighting that well-executed media campaigns can enhance this trust by conveying the significance of tax compliance and the societal benefits funded by taxes [16]. This underscores the positive correlation between increased trust in tax authorities and voluntary compliance, reinforcing the notion that media can

act as a catalyst in fostering trust [42]. When such campaigns focus on transparency, accountability, and fairness, they not only affect horizontal trust (trust among taxpayers) but also vertical trust (trust in government institutions), thereby enhancing tax morale. Consequently, by shaping public attitudes and social norms, media campaigns can moderate the relationship between trust in government and tax morale, ultimately promoting taxpayer compliance and fostering positive tax behavior. We propose the following hypothesis based on these insights:

H₃: Media campaigns moderate the effect of trust on tax morale.

Relevance of Governance Quality, Trust, and Tax Morale

The relationship between governance quality and tax morale is shaped by trust, reflecting the intricate interplay of institutional dynamics and individual attitudes toward taxation [36]. High tax morale and robust institutional frameworks correlate with reduced informal economic activities, demonstrating how trust and governance quality impact compliance. Trust in government leaders and officials is pivotal in boosting tax morale, emphasizing its critical role in influencing taxpayer behavior [30,35]. Trust in governmental institutions and legal systems significantly influences tax morale and the citizen-state relationship. Trust acts as a mediator in the link between public governance quality and tax compliance, offering theoretical insights into its role in social exchange dynamics [1,27].

Moreover, trust in the government and satisfaction with public services contribute to strengthening tax morale, affirming the pivotal role of trust as a mediator that connects governance quality to taxpayer attitudes and compliance. Increased satisfaction with the tax system significantly boosts compliance, suggesting that enhancements in service quality lead to greater taxpayer satisfaction, which in turn drives higher tax compliance rates [21]. When taxpayers trust their government, they are more inclined to comply with tax obligations voluntarily [43]. This underscores trust's critical mediating role between governance quality and taxpayer behavior, reinforcing the notion that positive governmental attitudes can elevate tax morale. Additionally, psychological factors such as trust in the government and perceptions of public service quality profoundly impact taxpayer compliance, indicating that when taxpayers view the government as fair and effective, their propensity to adhere to tax laws rises [9]. The interaction between tax authorities and taxpayers, facilitated by trust, can enhance compliance behavior [13].

Therefore, trust in government, legal frameworks, and public services plays a significant role in shaping tax morale, emphasizing its importance as a key mediator in understanding how governance quality influences taxpayer behavior. We propose the following hypothesis based on these insights:

H₄: Trust can mediate the effect of governance quality on tax morale.

Relevance of Institutional Determinants, Trust, and Tax Morale

Understanding how institutional factors mediate tax morale through trust involves examining the complex relationships among tax morale, trust, compliance, and institutional variables. Trust plays a crucial role in mediating how the dynamics of institutions influence tax morale, highlighting the intricate interplay between institutions and individual attitudes towards taxation [11,3]. This perspective sheds light on overlooked aspects of tax compliance, emphasizing trust's role in shaping interactions between taxpayers and tax authorities. A significant number of taxpayers voluntarily report income, indicating trust's potential impact on compliance and morale. Drawing on institutional theory, the various factors influencing tax morale emphasize trust's potential mediation [15,23]. Additionally, there is a positive and statistically significant link between trust in others and tax morale, highlighting trust's mediating role between institutional factors and tax morale [30,32]. The mediation of institutional trust and financial satisfaction in linking life satisfaction to tax morale further underscores trust's role in shaping tax morale [29]. Recognizing trust's pivotal influence on taxpayer compliance behaviors and attitudes emphasizes its significance as a mediator in understanding how institutional factors impact tax morale. We propose the following hypothesis based on these insights:

H₅: Trust can mediate the influence of Institutional Determinants on tax morale

A schematic representation of all research hypotheses is depicted in Figure 1.

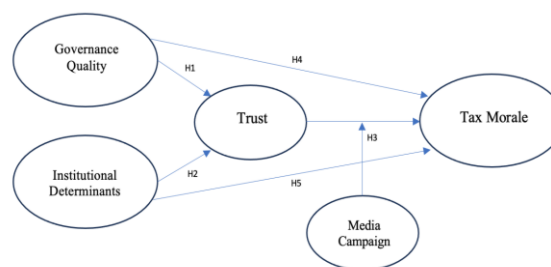


Figure 1. Conceptual Framework

Table 1. Operational Research Variables

Variable	Definition	Indicators
Governance quality (X1)	The degree to which a government exercises its authority in managing economic and social resources for the development of a country [36].	Controversial government spending Government effectiveness Regulatory quality Rule of law Corruption control
Institutional determinants (X2)	The formal and informal frameworks and structures that shape individual behaviors, societal norms, and compliance attitudes within a given system [16].	Formal factors Informal factors Horizontal trust
Trust (Y1)	The confidence that individuals or groups, specifically youth, have in the institutions responsible for taxation. [1].	Vertical trust Tax Compliance
Tax morale (Y2)	The intrinsic motivation to pay taxes, which represents the non-pecuniary factors that influence an individual's decision to comply with tax obligations [16].	Perception of Tax Fairness Understanding of Taxes Opinions about the Government Media Outreach Tax Awareness Understanding of Tax Perception of Tax Compliance
Media campaign (M)	A strategically designed communication effort that uses various mass media platforms (such as television, radio, outdoor advertising, print, and digital media) to influence public knowledge, attitudes, and behaviors on specific issues [28].	Tax Behavior Change of attitude Economic Impact Feedback and Evaluation

Table 2. Questionnaire Questions

Variable	Item	Question
Governance quality (X1)	X1.1	To what extent do you trust that the government utilizes tax revenues prudently and in the public interest?
	X1.2	Are you confident that there are no inefficient or controversial government expenditures in the allocation of tax revenues?
	X1.3	To what extent do you believe the government is effectively managing its affairs, including the administration of taxation?
	X1.4	Do you believe that the government is taking appropriate measures to enhance tax administration and increase tax revenues?
	X1.5	Do you feel that the current tax regulations are sufficient to address the country's economic and business developments?
	X1.6	Do you believe the law is enforced fairly and consistently in tax-related matters?
	X1.7	Do you think the government has made efforts to combat corruption within the tax sector?
Institutional determinants (X2)	X2.1	To what extent do you find the country's tax regulations clear and easy to understand?
	X2.2	How would you assess the government's effectiveness in enacting and enforcing tax regulations?
	X2.3	Do you feel that the government provides adequate support to citizens in understanding and complying with tax regulations?
	X2.4	To what extent do you believe societal norms encourage compliance with tax regulations?
	X2.5	How would you evaluate the level of honesty in income reporting and tax payment among citizens?
Trust (Y1)	Y1.1	To what extent do you believe others comply with tax laws appropriately? To what extent do you believe others are honest in reporting their taxable income?
	Y1.2	To what extent do you believe that citizens do not engage in tax avoidance or evasion?
	Y1.3	To what extent do you trust that the government will utilize tax revenues effectively for societal benefit?

Variable	Item	Question
	Y1.4	To what extent do you feel that tax authorities act with integrity and transparency in administering taxes?
	Y1.5	To what extent do you believe the government will take firm action against those who fail to comply with tax laws?
	Y1.6	I consistently file and pay my taxes on time.
Tax morale (Y2)	Y2.1	I believe that paying taxes is my duty as a responsible citizen.
	Y2.2	I tend to comply with tax laws properly.
	Y2.3	I believe the current tax system is fair and not overly burdensome.
	Y2.4	I believe that all citizens are taxed equitably.
	Y2.5	I feel the taxes I pay are commensurate with the benefits I receive from the government.
	Y2.6	I have a good understanding of how the tax system operates.
	Y2.7	I regularly seek information regarding updates to applicable tax regulations.
	Y2.8	I believe the government provides sufficient information regarding my tax obligations.
	Y2.9	I trust that the government uses tax revenues effectively for the public good.
	Y2.10	I am satisfied with the government's performance in managing tax revenues.
	Y2.11	I feel the government should be more transparent about how tax revenues are utilized.
	Y2.12	How often have you encountered tax information campaigns in the media (e.g., television, social media, newspapers) in the past six months?
Media campaign (M)	M.1	To what extent has the media coverage improved your knowledge of tax-related issues?
	M.2	How well do you understand your tax obligations after viewing or hearing a tax information campaign in the media?
	M.3	How clear was the messaging of the tax information campaign in the media regarding new tax regulations?
	M.4	Have media-based tax information campaigns enhanced your understanding of the importance of complying with tax laws?

Variable	Item	Question
	M.5	To what extent do you feel that paying taxes accurately is a civic duty?
	M.6	Are you more likely to file and pay your taxes on time after viewing a tax information campaign in the media?
	M.7	To what extent do you agree that tax information campaigns in the media have influenced your attitude toward taxation?
	M.8	Do you feel that information campaigns about media tax have contributed to increased tax revenues, thereby supporting the government?
	M.9	To what extent do you feel that media-based tax information campaigns are informative and relevant to your circumstances?
	M.10	To what extent do you trust that the government utilizes tax revenues prudently and in the public interest?

Research Approach

This study employs a quantitative approach to investigate governance quality and institutional determinants as exogenous factors, trust as an intervening variable, media campaign as a moderating variable, and tax morale as an endogenous variable. Based on institutional theory, governance quality and institutional factors are important aspects that affect how people behave in the system, and they are the main reasons for tax morale and taxpayer trust in our analysis. Trust is included as a mediator to enhance understanding of how governance quality and institutional determinants indirectly affect tax morale. Additionally, media campaign is introduced as a moderator to explore its impact on the relationship between trust and tax morale. Detailed indicators for each variable are provided in Table 1, while the specific questions used in the questionnaire to measure these indicators are presented in Table 2.

The research methodology involves collecting primary data directly from the field, prioritizing integrity and validity. Ensuring explicit consent from each participant is crucial, ensuring understanding of research objectives, rights, and implications of participation. This step aims to secure informed and voluntary consent while safeguarding privacy and rights. Data collection employed questionnaires distributed through purposive sampling, targeting individual taxpayers in Indonesia to ensure relevance and depth of findings. The questionnaires were distributed

online using Google Forms to ensure wider reach and accessibility for respondents across different regions, while maintaining participant anonymity and reducing potential biases. To facilitate the data collection process, links to the questionnaire were distributed to participants via email and WhatsApp, catering to their convenience to ensure smooth participation. Participants were identified and accessed through professional networks, academic forums, and taxpayer community groups, leveraging purposive sampling to focus on individuals who meet the criteria for relevance to the study. This approach not only enhances the efficiency of data collection but also aligns with ethical standards, ensuring respondent privacy and comfort during participation.

A total of 418 respondents participated in the study (see Table 3). Data analysis utilized Partial Least Squares (PLS) within Structural Equation Modeling (SEM), involving two stages: validating the outer model for questionnaire items related to each variable, followed by constructing an inner model to test hypotheses [34,22]. Path coefficient estimation assessed relationship strengths between exogenous and endogenous variables. We used bootstrap methods to assess indirect effects, especially those that the trust variable mediated. A T-statistic greater than 1.96 and a P-value lower than 5% showed that there were important mediation effects of outside variables on the inside variable through the mediator.

Table 3. Respondent's Demographic Characteristics (n=418)

Characteristics	Items	Number of respondents	Percentage (%)
Gender	Man	205	49
	Woman	213	51
Age (years)	<26	151	36
	26-35	119	28
	36-45	58	14
	>45	90	22
Level of education	High School	211	50
	Bachelor	182	44
	Master	14	3
	Doctor	11	3
Type of work	Employee	153	37
	Freelancer	131	31
	Pension recipient	45	11
	Business owner	89	21

RESULTS AND DISCUSSION

Outer Model

Figure 2 depicts the outer model assessed in this study. The evaluation employs three primary data analysis techniques: convergent validity, discriminant validity, and composite reliability.

Convergent validity evaluates how well indicators within a construct correlate and represent the same concept. Loading factors above 0.7 are considered acceptable. Table 4 presents the loading factors (convergent validity) for each indicator. The results from the table show that all loading values for the governance quality, institutional determinants, media campaign, trust, and tax morale indicators exceed the 0.70 threshold. This confirms that all indicators of the research variables meet the criteria for convergent validity.

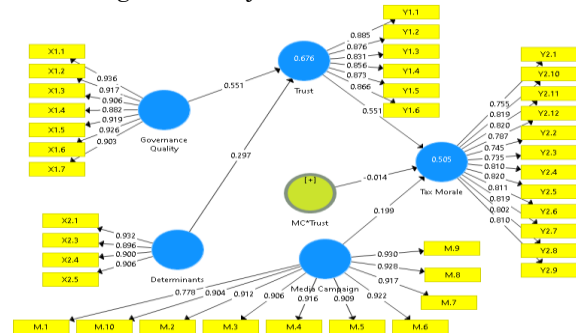


Figure 2. Structural Model Output

Table 4. Outer Loadings

Variable	Institutional determinants	Governance Quality	Media Campaign *Trust	Media Campaign	Tax Morale	Trust
M.1				0.778		
M.10				0.904		
M.2				0.912		
M.3				0.906		
M.4				0.916		
M.5				0.909		
M.6				0.922		
M.7				0.917		
M.8				0.928		
M.9				0.930		
Trust*						
Media Campa			1.091			
ign						
X1.1		0.936				
X1.2		0.917				
X1.3		0.906				
X1.4		0.882				
X1.5		0.919				
X1.6		0.926				
X1.7		0.903				
X2.1	0.932					
X2.3	0.896					
X2.4	0.900					
X2.5	0.906					
Y1.1						0.885
Y1.2						0.876
Y1.3						0.831
Y1.4						0.856
Y1.5						0.873
Y1.6						0.866
Y2.1					0.755	
Y2.10					0.819	
Y2.11					0.820	
Y2.12					0.787	
Y2.2					0.745	
Y2.3					0.735	
Y2.4					0.810	
Y2.5					0.820	
Y2.6					0.811	
Y2.7					0.819	
Y2.8					0.802	
Y2.9					0.810	

Discriminant validity evaluates the distinctiveness of constructs in the model based on cross-loading measurements. It demonstrates strong discriminant validity when each indicator's loading value for its own latent variable is higher than its loading for other variables. Table 5 displays cross-loading values, showing that all indicators for each variable (highlighted in bold) have higher loading values for their own variables than for others, which means they meet the criteria for discriminant validity. Thus, all indicators within each variable in this study demonstrate discriminant validity.

Table 5. Discriminant Validity (Cross Loading)

Variable	Institutional determinants	Governance Quality	Media Campaign	Tax Morale	Trust
M.1	0.642	0.569	0.778	0.506	0.583
M.10	0.775	0.725	0.904	0.556	0.694
M.2	0.770	0.741	0.912	0.563	0.701
M.3	0.764	0.742	0.906	0.542	0.652
M.4	0.773	0.728	0.916	0.549	0.687
M.5	0.778	0.735	0.909	0.563	0.672
M.6	0.785	0.738	0.922	0.563	0.668
M.7	0.774	0.738	0.917	0.548	0.653
M.8	0.794	0.748	0.928	0.547	0.690
M.9	0.786	0.749	0.930	0.541	0.673
X1.1	0.797	0.936	0.740	0.596	0.764
X1.2	0.793	0.917	0.725	0.579	0.753
X1.3	0.800	0.906	0.735	0.574	0.737
X1.4	0.795	0.882	0.731	0.547	0.698
X1.5	0.799	0.919	0.771	0.583	0.747
X1.6	0.789	0.926	0.711	0.587	0.760
X1.7	0.783	0.903	0.701	0.593	0.707
X2.1	0.932	0.815	0.792	0.585	0.729
X2.3	0.896	0.765	0.767	0.563	0.697
X2.4	0.900	0.767	0.759	0.547	0.667
X2.5	0.906	0.810	0.760	0.561	0.723
Y1.1	0.695	0.715	0.665	0.605	0.885
Y1.2	0.673	0.699	0.648	0.549	0.876
Y1.3	0.635	0.658	0.611	0.619	0.831
Y1.4	0.649	0.699	0.631	0.582	0.856
Y1.5	0.698	0.715	0.637	0.645	0.873
Y1.6	0.672	0.710	0.645	0.611	0.866
Y2.1	0.452	0.420	0.452	0.755	0.491
Y2.10	0.494	0.571	0.452	0.819	0.582
Y2.11	0.475	0.529	0.426	0.820	0.566
Y2.12	0.498	0.546	0.461	0.787	0.587
Y2.2	0.492	0.462	0.514	0.745	0.513
Y2.3	0.456	0.459	0.478	0.735	0.523
Y2.4	0.511	0.508	0.472	0.810	0.559
Y2.5	0.481	0.511	0.469	0.820	0.576
Y2.6	0.483	0.488	0.479	0.811	0.551
Y2.7	0.509	0.486	0.495	0.819	0.546
Y2.8	0.505	0.502	0.518	0.802	0.555
Y2.9	0.558	0.560	0.567	0.810	0.588

In this study, the results showed that the square root values of AVE (shown in the results table) were always greater than the correlations between constructs, proving that all indicators met the requirements for discriminant validity. Discriminant validity is established when the square root of AVE for each construct is greater than its correlations with other constructs. Additionally, an

AVE value above 0.5 indicates that the construct explains more variance than error, further supporting validity. In this study, the results showed that the square root values of AVE (shown in the results table) were always greater than the correlations between constructs, proving that all indicators met the requirements for discriminant validity.

Table 6. Discriminant Validity Fornell Larcker

Variable	Institutional determinants	Governance Quality	Media Campaign	Tax Morale	Trust
Determinants	0.909				
Governance Quality	0.869	0.913			
Media Campaign	0.847	0.800	0.903		
Tax Morale	0.621	0.635	0.607	0.795	
Trust	0.776	0.809	0.740	0.697	0.865

Composite Reliability evaluates the consistency and reliability of a construct's overall score. Assessing the reliability of latent variables involves two criteria: composite reliability and Cronbach's alpha. A construct is deemed reliable if both its composite reliability and Cronbach's alpha values are above 0.70 [6]. Table 7 shows that each variable achieves a Cronbach's alpha value greater than 0.70, indicating strong reliability. Also, the Average Variance Extracted (AVE) value for all four constructs is above 0.5, which confirms that the measurement model has good discriminant validity.

Table 7. Reliability

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Governance Quality	0.967	0.972	0.833
Institutional determinants	0.930	0.950	0.826
Media Campaign*Trust	1.000	1.000	1.000
Media Campaign	0.975	0.978	0.816
Tax Morale	0.947	0.954	0.632
Trust	0.932	0.947	0.748

Inner Model

The inner model illustrates complex relationships among latent variables in the framework (see Figure 3). We analyzed it to assess the strength of associations between constructs and the R-square of the research model. The assessment of the structural model involved looking at the R-square values of the dependent constructs, performing t-tests, and checking the importance of path coefficients. The adequacy of the structural model primarily relied on the R-square value. This study focuses on two key variables influenced by various factors: trust, influenced by governance quality and

institutional determinants, and tax morale, influenced by media campaigns and trust. According to Table 7, the R-square value for the trust (Z) variable, influenced by governance quality (X1) and institutional determinants (X2), is 0.676. This indicates that 67.6% of the variance in trust (Z) can be explained by governance quality (X1) and institutional determinants (X2), with the remaining 32.4% attributed to unexamined variables. Additionally, Table 7 shows the R-square value for the tax morale (Y) variable, moderated by trust (Z) and media campaigns, is 0.505. This finding suggests that 50.5% of the variance in tax morale (Y) is explained by trust (Z) and media campaign, while 49.5% is influenced by external factors not addressed in the study.

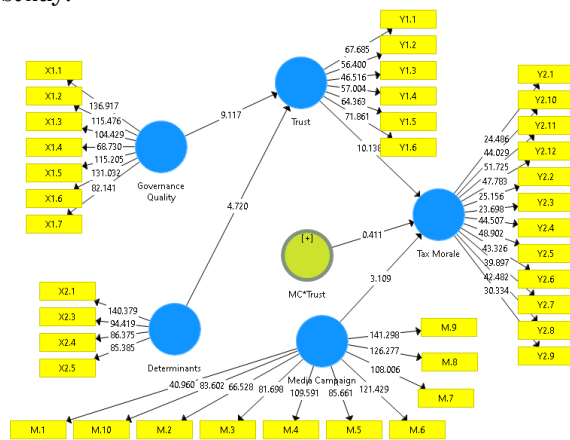


Figure 3. Structural Inner Model

Table 8. R-Square Value

Variable	R Square
Trust	0.676
Tax Morale	0.505

In the PLS model, the thorough assessment of model fit is measured by the Q^2 value, which indicates predictive relevance. A higher Q^2 value indicates that the model fits the data well. Table 7 calculates the Q^2 value as follows:

$$Q^2 \text{ value} = 1 - (1 - R^2) (1 - R^2)$$

$$Q^2 \text{ value} = 1 - (1 - 0.676) \times (1 - 0.505) = 0.8396$$

The calculation results in a Q^2 value of 0.8396, indicating that the structural model explains 83.96% of the variance in the research data. The remaining 16.94% of variance is unexplained by the model and is attributable to external factors. These findings demonstrate a strong fit with the structural model used in the study.

Hypothesis Testing

The significance of estimated parameters provides crucial insights into the connections among

research variables. In Partial Least Squares (PLS) analysis, the hypothesized relationships are rigorously examined using simulation. The bootstrap method is applied to the sample to test hypotheses and address non-normality in the research data. Tables 8 and 9 detail the results of the bootstrap analysis within the PLS framework.

Table 9. Statistical Effect and Hypotheses Test (Direct Effect)

		Original Sample (O)	T Statistics (OSTDEV)	P Values	Conclusion
Governance Quality	->	0.551	9.117	0.000	H1 Accepted
Institutional Determinants	->	0.297	4.720	0.000	H2 Accepted
Media Campaign*Trust	->	-0.014	0.411	0.681	H3 Rejected
	->				Tax Morale

Governance Quality and Trust

Table 9 presents the results of hypothesis testing, which examines the influence of governance quality on trust. Governance quality demonstrates statistical significance in trust, indicated by a path coefficient of 0.551, a t-value of 9.117 (exceeding the critical t-table value of 1.960), and a p-value of 0.000 (below the α threshold of 0.05). The positive path coefficient indicates a direct relationship, suggesting that an increase in governance quality leads to higher levels of trust. These findings support the acceptance of Hypothesis 1, echoing the pivotal role of governance institutions in shaping taxpayer compliance [7]. Good governance, characterized by transparency and ethical standards, enhances trust among taxpayers and promotes adherence to tax regulations, contributing to overall economic progress [20,37].

Institutional Determinants and Trust

Table 9 presents the analysis results concerning the influence of institutional determinants on trust. Evaluation of the second hypothesis indicates a path coefficient of 0.297, with a t-value of 4.720 (exceeding the critical t-table value of 1.960) and a p-value of 0.000 (below the α threshold of 0.05). The positive path coefficient indicates a direct relationship, suggesting that an increase in institutional determinants corresponds to a rise in the trust variable. This underscores the significant and positive impact of determinants on trust, confirming the acceptance of Hypothesis 2. Both formal and informal institutional factors play crucial roles in

shaping taxpayer trust. Legal frameworks contribute by fostering confidence in the fair use of taxes [26,23]. Informal factors, such as perceptions of fellow taxpayers' behavior within specific institutional and societal contexts, also influence trust and taxpayer compliance.

Trust, Media Campaign, and Tax Morale

The tests on how the trust (Z) variable relates to tax morale, influenced by media campaign, show a path coefficient of -0.014, a t-value of 0.411 (which is lower than the important t-table value of 1.960), and a p-value of 0.681 (which is higher than the α limit of 0.05). The negative direction of the path coefficient suggests that media campaign diminishes the impact of trust on tax morale. Thus, the media campaign has a negligible and statistically insignificant effect on how trust influences tax morale, leading to the rejection of Hypothesis 3. Moderation analysis reveals that while the media campaign variable significantly affects tax morale, its role in moderating trust's impact on tax morale is minimal. Although media campaigns can influence taxpayer behavior and compliance, their effectiveness in shaping beliefs about tax morals depends on several factors. Studies indicate that campaign intensity and content can enhance awareness and confidence in disseminated information [16,47]. Improved tax literacy can positively reshape taxpayer perceptions of the tax system, suggesting that media campaigns focused on tax issues can promote voluntary taxpayer compliance [17,41].

Table 10. Statistical effect and Hypotheses Test (Indirect Effect)

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Conclusion
Governance Quality -> Trust -> Tax Morale	0.304	6.794	0.000	H4 Accepted
Institutional determinants -> Trust -> Tax Morale	0.164	4.068	0.000	H5 Accepted

Governance Quality, Trust, and Tax Morale

We performed the Sobel test to assess the indirect impact of the governance quality variable on tax morale through trust. Results in Table 10 indicate an indirect path coefficient of 0.304, with a t-value of 6.794 (exceeding the critical t-table value of 1.960) and a p-value of 0.000 (below the α threshold of 0.05). These findings confirm that trust significantly mediates the influence of governance

quality on tax morale, thereby supporting the acceptance of Hypothesis 4. This underscores the substantial impact of political institutions on tax morale, influenced by factors such as political stability, governmental effectiveness, and adherence to legal norms [10,38]. Strong governance fosters trust in governmental and legal frameworks, positively affecting tax morale. A positive correlation between trust in government and legal institutions and higher tax morale, highlighting trust's crucial role in linking governance quality with tax compliance [35,21]. When individuals trust state institutions, they are more likely to fulfill tax obligations willingly, thereby promoting a positive attitude towards taxation.

Institutional Determinants, Trust, and Tax Morale

Hypothesis testing showed that the relationship between institutional determinant quality and tax morale (Y), influenced by trust, had an indirect path coefficient of 0.164, a t-value of 4.068 (which is higher than the critical t-table value of 1.960), and a p-value of 0.000 (which is below the significance level of 0.05). These findings show that trust plays an important role in how institutional factors affect tax morale, which supports the acceptance of Hypothesis 5.

Trust acts as a crucial mediator, reinforcing the connection between institutional determinants and tax morale. When tax institutions are perceived as fair, transparent, and accountable, it enhances taxpayers' trust. Trust in government plays a pivotal role in fostering higher tax morale, as institutions that are viewed as just and accountable lead to increased taxpayer trust, which in turn promotes greater compliance [43,46]. A positive perception of the institution among taxpayers heightens their willingness to fulfill tax obligations, further highlighting the mediating role of trust [28]. Trust contributes to improved tax morale, whether it is horizontal trust among taxpayers or vertical trust in the government, as reflected in indicators like tax compliance and perceptions of tax fairness. So, when there is trust, it boosts the positive impact of institutions on tax morale, showing that a strong institutional environment works better to improve tax morale when people trust the government and the tax system.

CONCLUSION

This study investigates the complex interactions between governance quality, institutional determinants, trust, media campaigns, and tax morality within the taxation domain. Grounded in insti-

tutional theory, it aims to explain how trust mediates the relationships between governance quality, institutional determinants, and tax morality. Additionally, the study explores the influence of media campaigns on the relationship between trust and tax morality.

The study reveals several key findings. First, governance quality plays a crucial role in fostering trust. Effective governance practices in taxation, characterized by transparency and fairness, enhance taxpayers' trust in the system's reliability, which in turn promotes tax compliance and increases revenue. Institutional determinants also significantly impact taxpayer trust, with both formal and informal factors contributing to a stable and transparent environment that encourages trust and compliance. Moreover, while media campaigns help build trust in the tax system, their moderating effect on the relationship between trust and tax morality was found to be statistically insignificant. This suggests that although media campaigns can shape perceptions, their long-term impact may be moderated by other contextual factors.

This study contributes to the field in three key areas: theoretical, practical, and policy-related. From a theoretical perspective, it enriches the literature by highlighting trust as a mediator between governance quality and tax morality while also expanding understanding of the effectiveness of media campaigns in shaping taxpayer perceptions. Practically, the findings suggest that tax authorities should prioritize fair and transparent governance to enhance taxpayer trust. Although media campaigns show limited direct influence, increasing their content relevance could improve their effectiveness in fostering tax morality. In terms of policy, this study underscores the importance of transparent, equitable, and comprehensible tax policies in strengthening taxpayer trust and compliance. Policymakers should consider reforms that promote openness and integrity in tax administration.

Several limitations of the study should be acknowledged. First, the study focuses solely on a sample of individual taxpayers in Indonesia, excluding the perspectives of other taxpayer groups, such as corporations, which face different compliance dynamics. Second, while the sample includes a range of groups, such as employees, business owners, freelancers, and retirees, further research could explore the unique nuances of tax avoidance experiences specific to these groups in greater depth. Finally, the sensitive nature of tax morality as a topic may affect the honesty of respondents, as they might feel uncomfortable or reluctant to provide truthful answers. Thus, in-depth interviews are suggested as a valuable method for obtaining more honest and nuanced

insights from participants. By addressing these limitations, future research can yield more accurate and representative findings.

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