

Determinants of Tax Morale in Ethiopia with Emphasis on the Moderating Roles of National Pride and Fiscal Exchange on the Effect of Trust: Evidence from Taxpayers in Addis Ababa City Administration, Ethiopia

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ABSTRACT

This study examines the determinants of tax morale in Ethiopia with emphasis on the moderating roles of national pride and perceived fairness of fiscal exchange in the relationship between trust in government and tax morale. By employing a correlation matrix, PROCESS Macro, and hierarchical regression analyses, we examined the association between the independent variables and the dependent variable as well as the moderating roles of national pride and fiscal exchange on the effect of trust on tax morale. The correlation matrix revealed that the empirically documented relationships between tax morale and such independent variables as gender, corruption, and religiosity did not hold in this study as the correlations were found to be insignificant. More importantly, however, we found support for our hypotheses that posit that national pride and fiscal exchange moderate the effect of trust on tax morale. Nonetheless, the moderating effects are opposite in that national pride moderates the effect of trust on tax morale when it is at its high level, whereas fiscal exchange does the moderation when it is at its low level. The findings imply interesting theoretical and policy inputs with data from a typical developing country, Ethiopia.

KEY WORDS

Trust in government, fiscal exchange, moderation, tax morale.

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1. Introduction

Taxation is a critical component of a country's public finance system, providing the necessary resources for the government to carry out its functions and provide public goods and services (Ajeigbe, Ganda, & Enowkenwa, 2023; Alm, Jackson, & McKee, 1993). It is the most preferable means of financing public expenditure because it is free of any conditions and policy influences attached to loans and assistance from international financial institutions and “better-developed” countries (Addison & Tarp, 2015; Mascagni, 2016). In addition, since changes in taxes have an impact on the average consumer's income and changes in consumption result in changes in real GDP, taxes are a weapon of fiscal policy (Salanié, 2011). Accordingly, the government can affect economic output by changing taxes. There are various ways to alter taxes. First, there is the option to increase or decrease marginal tax rates; second, the tax bases can be widened or contracted; third, the tax laws can be changed or they can be completely removed (Puzule & Žubule, 2017). Consequently, the government can influence economic output by using taxes as instruments. Even though taxation is a versatile tool in fiscal policy, impacting economic stability, growth, and social equity, policymakers ought to balance the need for revenue with the potential economic consequences of tax changes to ensure sustainable economic health.

However, as argued by Cummings, Martinez-Vazquez, McKee, and Torgler (2009), Alm and McClellan (2012), and Hoy (2025), the effectiveness of a tax system both as a source of government revenue and fiscal policy tool depends not only on tax policies and enforcement but also on the willingness of citizens to comply with their tax obligations – a concept referred to as “tax morale.” Though it is acknowledged that tax morale can have varieties of facets, this study focuses on it in the context of its consequences on taxpayers’ compliance with their tax obligations as tax compliance is often based unduly on a simplistic perspective of a law enforcement problem. Understanding the determinants of tax morale is essential for designing effective tax policies and improving compliance.

Thus, this study comprehensively deals with the determinants of tax morale in Ethiopia, a critical issue for improving tax compliance and revenue generation in the country. The explanatory research design with a quantitative research approach and focus on both individual and institutional factors provides valuable insights to inform tax policy and administration operations and reforms. The outcomes of this research have the potential to contribute to the broader

understanding of tax morale in developing countries and inform strategies for enhancing voluntary tax compliance.

Tax morale goes beyond mere fear of punishment or economic self-interest (Frey & Torgler, 2007; Hoy, 2025; Castañeda-Rodríguez, 2025). The consistently low tax-to-GDP ratio of Ethiopia, which stood at 3.9314% in 2023, compared to both Sub-Saharan Africa, which was roughly 18% and global best performers averaging 27% (World Bank, 2023) partly points to low tax morale and hence lack of compliance with tax obligations. Tax morale is influenced by various factors, including perceptions of government legitimacy, tax system fairness, taxpayer-government relationships, and social norms (Luttmer & Singhal, 2014). Understanding the determinants of tax morale is important for policymakers seeking to enhance voluntary tax compliance and improve the overall efficiency of the tax system.

Ethiopia, as a developing country with a large informal economy and “cops and robbers” kind of relationship between the tax authority and the taxpayers (Gobena & Van Dijke, 2016), faces significant challenges in improving tax compliance and revenue collection and employing taxation as a fiscal policy tool (see Gobena, 2023; Gobena & Dijke, 2016; Gobena & Van Dijke, 2017; van Dijke, Gobena, & Verboon, 2019). While previous studies have examined tax compliance in Ethiopia (Gobena, 2023; Gobena & Van Dijke, 2016, 2017; Mascagni, Mengistu, & Woldeyes, 2021), research on the specific factors shaping tax morale, an important antecedent of voluntary tax compliance, remains limited. Prior studies in other countries also examined only the direct effects of the factors they identified as determinants of tax morale, leaving the interaction effects of the variables uncovered (see Torgler, 2011; Torgler et al., 2007a, for instance). This study aims to fill this gap by investigating the determinants of tax morale in the Ethiopian context addressing the previously overlooked interaction effects of some of the variables that stimulate tax morale.

2. Literature Review and Hypotheses Development

Allingham and Sandmo's (1972) neoclassical approach served as the standard economic model of tax non-compliance for many years. They note that by weighing the advantages and disadvantages of compliance against the utility of tax non-compliance, the model implies that taxpayers are logical agents who aim to optimize the utility of their taxable income. Consequently, when the expected punishment and likelihood of being caught are relatively low in comparison to the benefit of non-compliance, they will

not comply. In response, governments increased penalties and the perceived likelihood of identifying non-compliant taxpayers in their endeavor to make sure that the cost of non-compliance outweighs its utility (Williams, 2014; Williams and Horodnic, 2015a, 2017a). However, increasing the likelihood of detection and/or imposing harsher penalties are not the only ways to reduce tax non-compliance. As the authors themselves note in their paper, "This is a very simple theory, and it may perhaps be criticized for giving too little attention to non-pecuniary factors in the taxpayer's decision on whether or not to evade taxes" (Allingham and Sandmo, 1972). They were the first to recognize that the model does not capture all the rationales of tax non-compliance. As a result, the model does not explain why the observed level of tax compliance is higher than the theoretically expected level, even though it is straightforward and has obvious policy implications (Leonardo, 2011; Torgler et al., 2007a). The pursuit of alternative models that consider the non-financial aspects of the tax compliance choice was sparked by this argument.

Accordingly, tax morale became a major concern in the most recent empirical study on tax compliance after being ignored for decades beginning in the 1990s (Torgler, 2011; Torgler et al., 2007a). According to Schmolders (1959), the broad principles of taxes, as a method of applying public finance, should be developed on the foundation of true knowledge of human behavior. Integrity, good faith, and justice reflected in the tax system through the principles of publicity, thoroughness, specialization, and sincerity may be the characteristics that positively stimulate taxpayers' willingness to comply. Since taxation is a government program and cannot be isolated from the operation of government public relations, it is also recommended that governments utilize moral persuasion as a tool to encourage voluntary compliance from taxpayers (Torgler et al., 2007a).

The ever-increasing question of why people pay taxes rather than why they avoid them may be addressed by a study on the factors that influence tax morale (Torgler et al., 2007a). Governments and tax authorities may have more options for policy than coercion utilizing economic deterrence considerations to encourage tax compliance now that the notion of tax morale has been introduced. The study of the factors influencing tax morale then becomes crucial for creating better policy recommendations since a deeper comprehension of tax morale may result in numerous strategies that the government can utilize to boost voluntary tax compliance.

2.1. Sociodemographic Factors and Tax Morale

Several sociodemographic characteristics have been found to influence tax morale. First, *age* affects tax

morale such that older individuals tend to have higher tax morale than younger individuals (Torgler, 2006). This may be due to a stronger sense of civic duty and social responsibility that develops with age. Nevertheless, this result needs to be checked with data from taxpayers in a typical developing country where civic duty diminishes owing to various reasons. Accordingly, it can be expected that the age of a taxpayer is associated with tax morale such that older people have higher tax morale than younger people. Second, studies found that *gender* is a factor that affects tax morale. It is documented that women generally exhibit higher tax morale than men (Torgler, 2005). This gender difference has been attributed to differences in risk aversion, tax compliance attitudes, and perspectives on the role of government. In other words, female taxpayers may not dare to gamble on tax evasion calculating the utility of taxes evaded versus the possibility of getting caught and paying the taxes with penalties as males do. As a result, it can be predicted that gender is associated with tax morale in such a way that women have higher tax morale than men.

Thirdly, *education* is identified as a determinant of tax morale. It is argued that higher levels of education are associated with greater tax morale (Torgler & Schaltegger, 2005). Education may foster a better understanding of the importance of public goods and services funded by tax revenue. Nonetheless, the more educated the taxpayers are, the more the quantity and quality of government goods and services are subjected to scrutiny. In Ethiopia, where government expenditure and tax revenues do not have any obvious connections, it is expected that taxpayers' level of education may be associated negatively with tax morale.

Fourthly, *religion and religiosity* affect tax morale. The idea put forth by Margolis (1997) that religious faith, regardless of religion, can serve as a moral restraint to distinguish between good and bad behavior can be linked to religiosity in tax compliance studies. Furthermore, by imposing self-guilt, religious convictions are likely to deter deviant behavior, especially in decisions to evade taxes (Grasmick et al., 1991). More specifically, religiosity and religious affiliations have been linked to higher tax morale (Torgler, 2006). Religious teachings emphasizing moral obligations and social responsibility may contribute to this relationship. Consequently, we can conjecture that religiosity and tax morale are correlated positively.

2.2. Institutional and Cultural Factors and Tax Morale

The quality of government institutions and a country's cultural norms can also shape tax morale. *Trust in*

government referred to in this paper as *trust* is one of such factors. Higher levels of trust in government are positively associated with tax morale, such that individuals who perceive their government as trustworthy are more likely to feel a civic duty to pay taxes and comply with tax regulations (Feld & Frey, 2002; Torgler, 2003). Social contract theory (Rousseau, 1762) supports this assertion by noting that trust in government may reinforce the belief that citizens and their government have a mutual obligation, leading to increased willingness to comply with authorities' decisions which results from higher intrinsic motivation to cooperate. These arguments culminate in the expectation that taxpayers' trust in government positively affects tax morale.

Perceived government effectiveness and fairness are important drivers of citizens' trust in their government. In other words, if citizens believe that the government uses tax revenues effectively and fairly, they may be more inclined to willingly pay taxes. Thus, when citizens believe that their contributions are being used effectively for public goods and services, it enhances their sense of justice and boosts their tax morale. It follows that perceived *fairness of the fiscal exchange* which is termed in this paper as the *fiscal exchange* between taxpayers and the government, in terms of the quality and quantity of public goods and services provided, can influence tax morale (Feld & Frey, 2007; Lubian & Zarri, 2011). The fiscal exchange theory (Alm et al., 1993) also posits that citizens' willingness to pay taxes is influenced by their perception of the benefits they receive in return. Consequently, a fair and equitable fiscal exchange can enhance tax morale.

Furthermore, *national pride* is identified as a factor that affects tax morale. National pride is defined as the "belief in a shared culture, history, traditions, symbols, kinship, language, religion, territory, founding moments, and destiny" (Guibernau, 2004, p. 134). By internalizing the benefits of the nation, identification with it encourages commitment to its welfare (Wenzel & Jobling, 2006). This strengthens voluntary cooperation (van Dijk, De Cremer, & Handgraaf, 2004; Huddy & Khatib, 2007; Schatz & Lavine, 2007), including paying taxes on time (Wenzel, 2007). According to the relational model of cooperation (Tyler & Blader, 2003) and the group-value model (Lind & Tyler, 1988), people view fair decision-making by authorities as national pride information; receiving fair treatment conveys to them that they are respected members while receiving unfair treatment conveys to them that they are less respected and valued members (Tyler, 1989; Tyler & Blader, 2000). A stronger sense of national pride has been associated

with higher tax morale (Torgler, 2005). This may stem from a greater sense of civic duty and willingness to contribute to the collective good. Thus, we argue that national pride positively affects tax morale.

Finally, *corruption* is another factor that affects tax morale. Higher levels of corruption within a government lead to lower tax morale among citizens, as individuals perceive their tax contributions as ineffectively managed or misused, resulting in decreased willingness to comply with tax obligations (Torgler & Schneider, 2007; Agbanyo et al., 2024). When corruption is prevalent, individuals may feel that their tax money is not being used for public goods, leading to a sense of injustice. Corruption also undermines trust in government institutions, which can diminish citizens' belief in the importance of paying taxes. In a corrupt environment, tax evasion may become normalized, further discouraging compliance with tax laws. In sum, corruption can lead to economic instability, making individuals less inclined to pay taxes (Torgler, 2003).

2.3. *Fiscal Exchange and National Pride as Moderators of the Effect of Trust on Tax Morale*

In addition to the direct effects of perceived fairness of fiscal exchange and national pride as determinants of tax morale, it is equally important to examine the interactive effects of these two variables on the relationship between trust in the tax authority and tax morale. Taxpayers with a high level of certainty about the fairness of their fiscal exchanges with the government are likely to willingly pay their taxes without looking up to whether the tax authority can be trusted not to abuse its power and exploit them (Alm et al., 1993; van Dijke et al., 2019).

H1: The perceived fairness of fiscal exchange with the government moderates the effect of trust on tax morale when it is low (vs. high).

Notional pride, on the other hand, can be argued that people who are strongly proud of their nation may be less concerned about being taken advantage of because they have internalized the collective's goals and want to support it regardless of the costs to themselves or their personal gains (De Cremer, 2005; van Lange, 1999). Consequently, high (vs. low) national pride moderates the effect of trust on tax morale and those who are not proud of their nations tend to ignore any possibility to trust and cooperate with the collective's interest (Gobena and van Dijke, 2017).

H2: Stronger (vs. weaker) national pride moderates the effect of trust on tax morale.

Figure 1 below portrays the moderating roles of national pride and fiscal exchange in the relationship between trust and tax morale.

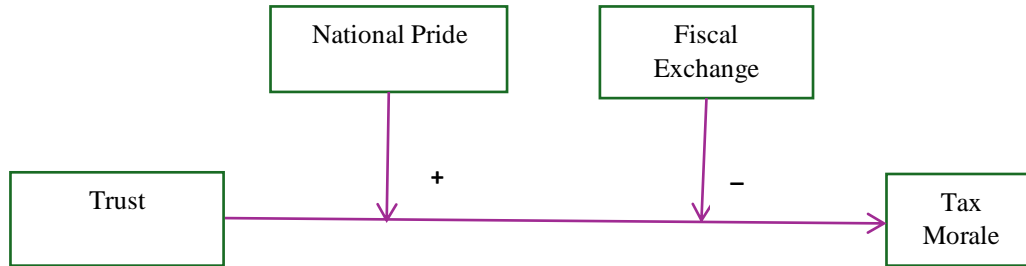


Figure 1. A visual representation of how national pride and fiscal exchange moderate the relationship between trust and tax morale

3. Model specification

Conditional effect of X on Y = $c_1 + b_7NP + c_4FEX$

Where:

X is trust in the tax authority—the independent variable

Y is the tax morale—the dependent variable

c_1 is the constant term

NP is the measure of national pride

FEX is the measure of fiscal exchange

b_7 is the coefficient of the product of fiscal exchange and trust

c_4 is the coefficient of the product of national pride and trust

4. Method

4.1. Respondents

A sample of 791 taxpayers in the Addis Ababa city administration, Ethiopia's capital, provided data for the study.

While 3 percent did not identify their gender, 41 percent identified as female, and 56 percent identified as male out of the 791 respondents. The respondents ranged in age from 20 to 60 ($M_{age} = 37.2$, $SD_{age} = 4.34$). Regarding their educational background, 1.3% of respondents replied that they had only completed elementary school, 13.3% replied that they had completed high school, 11.6% reported that they had a two-year college diploma, 51.8% reported that they had a bachelor's degree, 17.6% replied they had a master's degree or higher, and 4.4% did not specify their educational status. In terms of their religion, 60.7% replied that they were Orthodox Christians, 19.8% indicated that they were Protestants, 1% replied that they were Catholics, and 18.5% reported that they were Muslims.

4.2. Procedure

A printed questionnaire was distributed to taxpayers in the city administration of Ethiopia's capital, Addis Ababa. The data was gathered throughout the three months of November 2024 through January 2025. The

questionnaire was translated into Amharic to make it easier for the respondents to understand. Eight hundred questionnaire booklets were distributed to all types of taxpayers, meaning that each of the three groups of taxpayers who visited the Addis Ababa City Administration's ten offices and their business locations over the course of the three months received a questionnaire. According to the Addis Ababa city administration, there were more than 418,000 registered taxpayers as of the fiscal year 2022–2023 (no information is officially available later than this period). Of them, 73,294 belong to the group of large taxpayers, or category "A," and 45,875 to the medium taxpayers or type "B." The remaining 298,964 taxpayers are classified as small taxpayers or type "C." The sample size of 800 was determined using the sample size determination method created by Karvalho (1984) and to ensure that all taxpayer types were represented, the sample was prorated to the three taxpayer groups proportionately. As a result, the survey included 572 small taxpayers, 88 medium taxpayers, and 140 large taxpayers. All 800 booklets were filled and returned to the data collectors. However, 9 respondents skipped many questions and were found unusable by the study. Therefore, a total of 791 questionnaires were included in the analyses.

4.3. Measures

We used Kirchler and Wahl's (2010) 5-item measure to assess *tax morale*. We slightly modified item wordings for them to fit the Ethiopian tax system context. Examples of items are: "I pay taxes as required by the law and regulations because it is my responsibility and something I have to do" and "I pay taxes as required by the law and regulations to support the country and other citizens" ($1 = \text{strongly disagree}$, $7 = \text{strongly agree}$). We averaged the items into a tax morale scale. We measured *perceived fairness of fiscal exchange* by using Ali et al.'s (2014) and Nkundabanyanga et al.'s (2017) 5-item scale. Item examples are: "The government's tax expenditures are responsible" and "The government uses a considerable amount of tax money to solve the society's problems" ($1 = \text{strongly disagree}$, $7 = \text{strongly agree}$). We averaged the items into a fiscal exchange scale. We used Kaulu's (2022) Owusu et al.'s (2023) and Taing & Chang's (2020) 3-item scale to measure *trust in government*. Item examples are: "The government has to date utilized taxpayers' money appropriately" and "The government wisely invests taxpayers' money" ($1 = \text{strongly disagree}$, $7 = \text{strongly agree}$). We averaged the items into a trust index. We measured *national pride* by using Tyler and Blader's (2001) 10-item scale. We modified the items to fit the context of the Ethiopian tax system. Item examples are: "My nation is important to the way I think of myself as a person"

and "When someone praises the accomplishments of my nation, it feels like a personal accomplishment to me" ($1 = \text{strongly disagree}$, $7 = \text{strongly agree}$). We averaged the items into a national pride index. We used Vieira et al.'s (2022) 7-item scale to measure *corruption*. Examples of items are: "Corruption is widespread in this country" and "I feel particularly affected by corruption" ($1 = \text{strongly disagree}$, $7 = \text{strongly agree}$). We averaged the items into a corruption index. We used DiDuca & Joseph's (2007) two categories of religiosity scales. We measured the first category, *interpersonal religiosity*, with a 4-item scale. Examples of items are: "I make financial contributions to my religious organization" and "I enjoy spending time with others of my religious affiliation" ($1 = \text{strongly disagree}$, $7 = \text{strongly agree}$). We averaged the items into an interpersonal religiosity index. We measured the second category, *intrapersonal religiosity*, with a 6-item scale. Item examples are: "My religious beliefs lie behind my whole approach to life" and "I spend time trying to grow in understanding of my faith" ($1 = \text{strongly disagree}$, $7 = \text{strongly agree}$). We averaged the items into an intrapersonal religiosity index.

5. Results

The correlations between the study variables and the reliability statistics as measured by Cronbach's alpha coefficients (along the diagonal from upper left to lower right corners) are shown in Table 1 below.

Table 1. Study Variables' Means, Standard Deviations, Correlations, and Reliabilities

	Mean (SD)	1	2	3	4	5	6	7	8	9	10
1. Gender	1.58 (.49)										
2. Education	3.74 (.96)	-.12**									
3. Age Group	2.19 (.73)	-.05	.10**								
4. Trust	2.46 (1.08)	.10**	-.26**	-.08*	.77						
5. Fiscal Exchange	3.89 (1.71)	.06	-.24**	.04	.73**	.88					
6. National Pride	6.00 (.91)	.04	-.21**	.04	.14**	.13**	.81				
7. Corruption	4.71 (1.74)	.01	-.23**	.01	-.35**	-.42**	.03	.93			
8. Interpersonal Religiosity	5.33 (1.31)	.07*	.07	-.08*	-.03	.09*	.24**	-.16**	.72		
9. Intrapersonal Religiosity	5.59 (1.18)	.25**	-.08*	-.12**	.13**	.12**	.43**	.07*	.65**	.80	
10. Tax Morale	5.91 (1.71)	.03	-.23**	.20**	.31**	.33**	.24**	.03	-.04	.02	.97

N = 791

Reliabilities (Cronbach's α coefficients) are on the main diagonal for multi-item measures.

*: $p < .05$.

** : $p < .01$.

In line with prior findings, education, age, trust, fiscal exchange, and national pride showed significant associations with tax morale (see for instance, Alm & McClellan, 2012; Horodnic, 2018; Kornhauser, 2006; Torgler, 2003; Torgler & Schaltegger, 2005). Most notably, education is negatively correlated with tax morale as we argued earlier, most probably because tax revenues and government expenditure rarely align and hence

taxpayers with higher levels of education scrutinize the reason for tax collections in Ethiopia. However, contrasting our expectations, gender, corruption, and the two forms of religiosity didn't correlate with tax morale. Thus, these findings imply firstly that male and female taxpayers do not have significant differences in terms of tax morale. It is also interesting that corruption doesn't correlate with tax morale, arguably as it has become a societal norm in

Ethiopia. Finally, religiosity did not correlate with tax morale signaling that being religious and not do not differ in terms of willingness to pay taxes. This might be attributed to the recent trends in religions becoming businesses (Smith, Gümüşay, & Townsend, 2023). Consequently, the analyses henceforth do deal only with those variables having interaction effects in stimulating tax morale.

We tested hypotheses 1 and 2 with hierarchical regression analyses. We standardized trust, national pride, fiscal exchange, and tax morale prior to computing the interaction terms. In step 1, we entered the main effects of trust, national pride, and fiscal exchange. In step 2, we entered the Trust \times National Pride interaction and Trust \times Fiscal Exchange interaction. Table 2 portrays the results of the hierarchical regression analyses.

As we predicted in hypothesis 1, the Trust \times National Pride interaction significantly predicted tax morale.

Table 2

Regression results of the study for trust \times national pride interaction

	Tax morale
Step 1, R^2 , R^2 adj	.20**, .20**
Step 2, R^2 , R^2 adj, R^2 change	.26**, .25**, .01**
Trust	.15 (.64)
National Pride	.05(.55)
National Pride x Trust	1.04**(3.74)

N = 791

Table presents β coefficients at step 2 and t values in parentheses

* $p < .05$

** $p < .01$

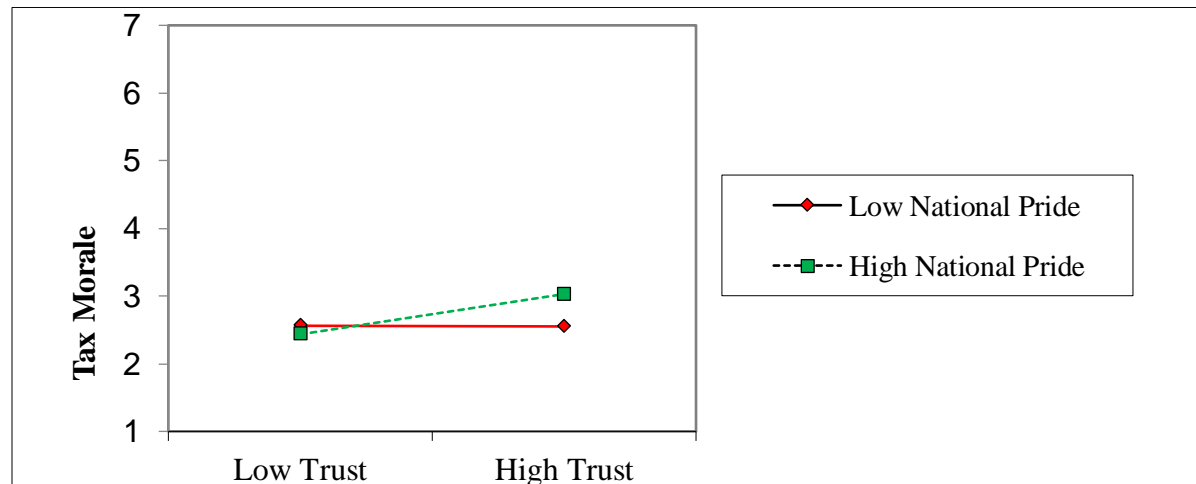


Fig. 2. The relationship between trust and tax morale as a function of fiscal exchange

Figure 2 represents this interactive effect. We also examined this interaction effect with simple slopes analysis (Aiken & West, 1991). The analyses showed that the relationship between trust and tax morale is significant when national pride is perceived to be high (at 1 SD above the mean), $\beta = -1.00$, $F(1, 791) = 17.41$, $p = .003$.

Similarly, as we predicted in hypothesis 2, fiscal exchange moderated the effect of trust on tax morale as the Trust \times Fiscal Exchange significantly predicted tax morale. Figure 3 is a visual representation of the Trust \times Fiscal Exchange interaction effect on tax morale. We conducted simple slopes analysis of the interaction effect and found that the relationship between trust and tax morale is significant when fiscal exchange was low (at 1 SD below the mean), $\beta = 1.00$, $F(1, 791) = 15.51$, $p = .001$.

Table 3Regression results of the study for trust \times fiscal exchange interaction

	Tax morale
Step 1, R^2 , R^2 adj	.20**, .20**
Step 2, R^2 , R^2 adj, R^2 change	.26**, .25**, .01**
Trust	.15 (.64)
Fiscal Exchange	1.09**(9.45)
Fiscal Exchange x Trust	-1.37**(7.78)

N = 791

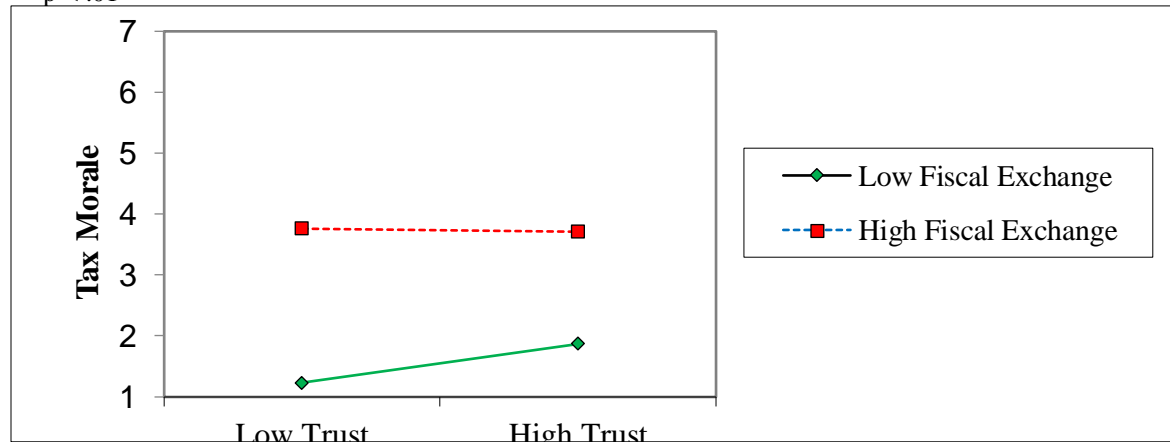
Table presents β coefficients at step 2 and t values in parentheses* $p < .05$ ** $p < .01$ 

Fig. 3. The relationship between trust and tax morale as a function of the fiscal exchange

6. Discussion

Numerous socioeconomic and political factors have a significant impact on tax morale, which is an intrinsic motivation to pay taxes. Enhancing tax compliance and governance in Ethiopia, a country with a complex sociopolitical landscape, requires an understanding of the role of citizens' trust in government and how it interacts with elements like fiscal exchange and national pride. The moderating effects of fiscal exchange and national pride on the connection between tax morale and trust in government in Ethiopia are examined in this study. Tax morale is significantly predicted by taxpayers' level of trust in the government. According to a study, people who trust their government are more

willing to pay their taxes because they think their money is going toward the common good (Torgler, 2007; Kirchler, 2007). Knowing how this trust is created and preserved is essential in Ethiopia, where the government has struggled with legitimacy and accountability.

Some citizens' trust levels are positively impacted by the Ethiopian government's attempts to reduce poverty and promote economic growth, especially when these activities are in line with local needs and values (Fjeldstad & Heggstad, 2012). However, this trust can be damaged by high levels of corruption and perceived inefficiency, which lowers tax morale. Thus, in the Ethiopian setting, the relationship between trust and tax morale provides a complex dynamic that needs more investigation.

The love and devotion a citizen has for their nation is referred to as national pride. National pride can have a big impact on civic engagement, including tax payment habits, in nations like Ethiopia that have a strong sense of identity and a rich cultural legacy. The association between tax morale and government trust was moderated by national pride. Increased tax morale may result from citizens' strong feelings of patriotism, which may make them more likely to trust their government despite difficulties.

Research shows that people are more intrinsically motivated to pay taxes when they believe their contributions are essential to the advancement of the country (Harrison et al., 2020). Contributing to educational programs or infrastructure projects that represent their national identity and goals, for example, may make Ethiopians feel proud. The government can increase trust and, in turn, tax morale by fostering national pride through inclusive policies and cultural promotion.

Another important element moderating the trust-tax morale relationship is fiscal exchange, or the perceived reciprocity between taxes paid and public benefits obtained. The perception of fiscal exchange has a big influence on people's willingness to pay taxes in Ethiopia because public services can be dispersed unevenly. When people believe that their taxes support important public services like infrastructure, education, and health care, they are more likely to have positive tax morale (Torgler & Schneider, 2007; Hoy, 2025).

Additionally, this relationship can be strengthened by increasing the transparency of how government revenue is used. People may have more faith in the government and encourage compliance if they see the real results of their tax payments. Perceptions of fiscal exchange are greatly influenced by the government's capacity to properly convey how tax monies are used to improve the welfare of its constituents.

7. Policy Implications

Policy makers ought to concentrate on fostering public trust in the government through open governance and efficient public service delivery in order to improve tax morale in Ethiopia. Involving citizens in discussions about national development and their part in it can foster a sense of pride in the country and improve compliance and trust. Ensuring that economic policies reflect the expectations of the populace and that they believe their contributions are important is also crucial. This could entail funding public awareness initiatives to raise awareness of tax systems and their advantages.

In conclusion, the relationship between tax morale and government trust in Ethiopia is significantly moderated by fiscal exchange and national pride. The Ethiopian government can improve trust and boost tax morale by encouraging a sense of patriotism and guaranteeing significant fiscal exchanges through open governance. These processes should be further investigated in future studies, especially in light of shifting political and socioeconomic environments.

8. Limitations

This study has limitations, just like any other scientific study. The first drawback is that the data utilized in this study were self-reported, and the study's topic is delicate, making it uncertain that respondents provided sincere answers. This is most likely due to the fact that taxpayers are reluctant to admit to their tax evasion crimes because they are afraid of being sued after self-reporting (see, for example, Torgler, 2008; Wenzel, 2002; Murphy, 2004). Therefore, it is advised to use additional controlled techniques, such as the experimental design, to replicate the findings of this investigation. The second drawback is that the study's data was obtained using a one-time cross-sectional survey, which means that a causal relationship between the variables is not strongly supported. As a result, additional studies using an experimental or longitudinal design may support causal links between the variables.

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Statement of Declaration

As the sole author of this manuscript, I declare that I have no competing interests. I have adhered to the ethical standards of manuscript preparation, ensuring proper acknowledgment of materials produced by other authors. Furthermore, I affirm that all data have been generated in accordance with scientific standards and can be made available upon request.

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Appendix

Below is a complete list of the measures used in this paper. All responses were on a Likert scale (1 = *strongly disagree*, 2 = *disagree*, 3 = *moderately disagree*, 4 = *neither agree nor disagree*, 5 = *moderately agree*, 6 = *agree*, 7 = *strongly agree*).

Tax Morale (Kirchler and Wahl, 2010)

1. I pay taxes as required by the law and regulations because it is my responsibility and something I have to do.
2. I pay taxes as required by the law and regulations to support the country and other citizens.
3. I pay taxes as required by the law and regulations because I want to contribute to everyone's good.
4. I pay taxes as required by the law and regulations because it is the normal and right to thing to do.
5. I pay taxes as required by the law and regulations because it is my duty as a citizen.

Trust in Government (Kaulu, 2022; Owusu et al., 2023; Taing & Chang, 2020)

1. The government has to date utilized taxpayers' money appropriately
2. The government wisely invests taxpayers' money in infrastructure and productive projects.
3. I believe that the government's supply of social services is proper.

National Pride (Tyler and Blader, 2001)

1. My nation is important to the way I think of myself as a person.
2. When someone praises the accomplishments of my nation, it feels like a personal compliment to me.
3. When I talk about my nation I usually say "we" rather than "they".
4. I feel a sense that I personally belong to Ethiopia
5. I feel that the problems of my nation are my own personal problems.
6. When someone from outside criticizes my nation, it feels like a personal insult.
7. I feel like a valued member of my nation.
8. When something goes wrong in my nation, I feel a personal responsibility to fix it.
9. My nation says a lot about who I am as a person.
10. I do not feel like an important part of my nation.

Perceived Fiscal Exchange (Ali et al., 2014; Nkundabanyanga et al., 2017)

1. The government's tax expenditures are responsible.
2. The government uses a considerable amount of tax money to solve the society's problems.
3. The government's delivery of social services satisfies citizens.
4. The government's provision of physical infrastructure using taxpayers' money is adequate.
5. It is easy and convenient to obtain basic public sector services.

Corruption (Vieira et al., 2022)

1. Corruption is widespread in this country.
2. I feel particularly affected by corruption.
3. Corruption harms my quality of life.
4. I believe I have already been deprived of access to some goods or services due to corruption.
5. Public services offered to citizens are undermined by corruption.
6. Corruption is slowing down the country's development.
7. Corruption implies a waste of public money.

Religiosity (DiDuca & Joseph, 2007)

A-Interpersonal Religiosity (InterR)

1. InterR1. I make financial contributions to my religious organization.
2. InterR2. I enjoy spending time with others of my religious affiliation.
3. InterR3. I keep well informed about my local religious group and have some influence in its decisions.
4. InterR4. I enjoy working in the activities of my religious organization.

B-Intrapersonal Religiosity (IntraR)

1. IntraR1. My religious beliefs lie behind my whole approach to life.
2. IntraR2. I spend time trying to grow in understanding of my faith.
3. IntraR3. It is important to me to spend periods of time in private religious thought and reflection.
4. IntraR4. Religious beliefs influence all my dealings in life.
5. IntraR5. Religion is especially important to me because it answers many questions about the meaning of life.
6. IntraR6. I often read books and magazines about my faith.