

2022

Exploring the Drivers of Tax Evasion in the Manufacturing Sector: Lagos, Nigeria

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College of Management and Human Potential

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Ogunshola Idowu Bello

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Walden University
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Abstract

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by

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MSc, University of ILORIN, 2009

BSc, AMADU BELLO, ZARIA, 1987

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

Walden University

August 2022

Abstract

In Nigeria, tax evasion has been a practice since the beginning of taxation, and it is also a worldwide phenomenon. Using the theory of reasoned action and the technology adoption life cycle as developed, the purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing companies could understand the drivers of tax evasion in manufacturing industries, which may prevent sanctions from tax authorities in Lagos State, Nigeria. Ten manufacturing companies with evidence of properly filed taxes for the past 5 years in Lagos, Nigeria were interviewed, and who have operated business within 5 years and above in Lagos, Nigeria, and has a zero penalty from the tax authorities. Using methodological triangulation, and the five steps of Yin, some of the themes that emerged include effective tax planning at top management level, implementation of tax accountability through financial records, engaging qualified accountants to handle tax matters, embracing cultural accountability to prompt payment of tax, and knowledge of tax sanctions and succession planning. The social change implication includes improved infrastructural development and increased employment opportunities resulting from increased tax revenue collection from manufacturing companies, reduction of the rate of failure for companies as a result of tax sanctions, creation of a knowledge pool for start-ups to have an effective means of tax management, creation of higher revenues for government, as more leaders of manufacturing are more equipped of drivers of tax evasion, making more revenues available to government to create employment, and infrastructural development, and creation of employment in the country as well as lead to improved standard of living.

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Dedication

I dedicate this project to God Almighty, my Mother (Late) Mrs. Ibidoja Abike Ogunsola (Nee Fayomi), my father, Chief Eishaya Ogunsola, my brother, Lanre Alaba Ogunsola and family in the US, my amiable Chair, Dr. Richard Dool, committee member, Dr. Haussmann, my URR (Dr. Karina Kasztelnik), my Wife Victoria Mojirola Ogunsola and my children for all their painstakingly love for me. I cherished them all. It is not how far but how well.

Acknowledgments

I commit the wellness of my journey to the Lord, and to Alhaji Abubakar Sadiq Muhammed (Director/ State Coordinator, FIRS, Lagos Mainland, East) and Dr. (Pastor) Samuel Aikhuomogbe who made me experienced the practicality of faith and change for an everlasting success. I cannot forget the impact of Alhaji Nami Momo Muhammad, the Executive Chairman of Federal Inland Revenue Service on encouraging leaning, self-development and his passion for making Taxation the pivot of economic development in Nigeria. He vehemently resists revenue leakages, tax evasion activities which I have significantly addressed in my research as part of keying into his vision and mission, not only for Nigeria but Africa as a chairman of Africa Tax Forum (ATAF) among other international tax leaderships that NAMI occupies. You cannot prevent tax evasion if you do not know its drivers. The research findings seek to identify the drivers of tax evasion in manufacturing sectors in Lagos. To my other friends, colleagues and all those that have supported me on this journey, too numerous to identify, I say thank you. So, it is true that there is light at the end of the tunnel. I actually partake in it. In my hometown, they say, "if you don't go, you don't come". Here I come safely bagging my PhD after tumultuous years of discipline, determination, God's help and sacrifices. I commit the same zeal to all.

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Chapter 1: Introduction to the Study

Central to tax evasion is an understanding of taxpayers' morals and how taxpayers perceive government management of the tax paid (Rudyanto & Pirzada, 2020). Rudyanto and Pirzada (2020) described taxpayer morale as the attitude towards paying taxes. Rudyanto and Pirzada (2020) argued that tax morale is higher when the taxpayer perceives the government as efficient and able to provide a fair output concerning the revenues. Public spending inefficiency, however negatively affects citizens' tax morale (Rudyanto & Pirzada, 2020). Rudyanto and Pirzada interpret this in terms of a psychological contract between the taxpayer and fiscal authorities. The taxpayer punishes the government when they observe that resources are not spent well. Rudyanto and Pirzada also argue that where a taxpayer makes a cost-benefit calculation, public spending inefficiency could lead the taxpayer to view paying taxes as a waste of resources and opt to evade tax instead. The purpose of this qualitative exploratory case study was to explore how leaders in manufacturing companies could understand the drivers of tax evasion in manufacturing industries, which may prevent sanctions from tax authorities in Lagos State, Nigeria. In Chapter One, I identified the gap in the literature, discuss the background of the study, the problem statement, purpose statement, nature of the study, research question, conceptual framework, and the limitation of the study.

Background of the Study

In Nigeria, tax evasion has been perpetrated since the beginning of taxation, and it is also a worldwide phenomenon. Tax evasion could lead to inadequate tax revenues so much that it is threatening the existence of the Nigeria government ability to fund the

fiscal policies (Umar & Masud, 2020). Tax administrations have benefited immensely by collecting tax revenues using digital mediums through the different uses of information and communication technologies (ICT). ICT has enhanced efficiency in tax administration and contributed to cost reduction for both the tax administrations and taxpayers (Umar & Masud, 2020). Nigeria has not enjoyed in this regard due to the cost of investing in ICT by manufacturing companies.

In the presence of tax evasion, many incomes might not be accurately assessed and taxed by the tax authorities in Nigeria. The leaders in manufacturing companies may be hiding from the tax authorities, exempted because of specific regulations or set well under their real value (Torregrosa-Hetland (2020). International tax planning is used to reduce the tax burden of multinationals. Decreasing taxes allow multinational companies to increase their after-tax incomes. Multinationals may use different techniques, which require detailed knowledge of the various tax systems and tax treaties of the multinationals' countries (Ftouhi & Ghardallou, 2020).

From an empirical standpoint, Khlif and Amara (2019) investigated the relationship between effective tax rates and political connections and found that firms pay tax at significantly lower effective rates than other firms. High levels of corruption may reduce public scrutiny and decrease the ability of fiscal authorities to enforce tax laws and punish politicians and their companies involved in tax evasion practices, which translates into a fertile ground for black economy and higher tax evasion (Khlif & Amara, 2019). By contrast, the low corrupt environment will promote transparency and politicians, and their connected companies will operate under higher public scrutiny,

capable of creating a favourable environment to combat tax evasion and thus reduce the scope of the revenue leakages (Khlif & Amara, 2019).

The tax authorities put tax compliance measures in place to deter taxpayers who commonly try to evade taxes. Such compliance measures are tax audits and investigations after the taxpayers' file self-assessment returns. Despite recent developments in tax compliance research, which highlights the relevance of psychological variables, such as trust, deterrence measures are still relevant (Masud et al., 2020). Lois et al. (2019) inferred that voluntary tax compliance is vital for governments to cope with budget deficits. The traditional methods, however of improving tax compliance, have high implementation costs. Collecting tax income stabilizes economies and alleviate states from public debt. Government revenue collection may suffer from tax evasion and high tax collection costs, and thus they often battle the corrupt practices of procurement officials (Lois et al., 2019).

Musimenta et al. (2017) described the taxpayer as a selfish calculator of monetary gains and losses. With this view, tax evasion is the degree of non-compliance in terms of the difference between the actual revenue collected and the amount collected if there were 100 per cent compliance. Adu and Amponsah (2020) evaluated that low tax efforts in developing countries are generally considered to have resulted from tax evasion (Adu & Amponsah, 2020). A significant factor causing tax evasion in developing and transitional economies is that a more excellent share of economic activities occurs in the informal sector.

Problem Statement

In Nigeria, tax evasion has been a practice since the beginning of taxation, and it is also a worldwide phenomenon (Umar & Masud, 2020). Tax evasion has led to inadequate tax revenues so much that it threatens Nigeria's government's ability to fund fiscal policies (Umar & Masud, 2020). In Nigeria, 75% of the registered companies with the corporate affairs commission (CAC) use illegal methods to conceal tax revenues (Umar & Masud, 2020). Of the 25% of the companies registered with the tax authority, 65% failed to file a tax return from 2018-2020 (Umar & Masud, 2020). The government's inability to receive tax payments from companies and individuals has negatively impacted the economic development of Nigeria in terms of infrastructural development such as new hospitals, roads and public schools. The government has also imposed sanctions on manufacturing industries that failed to comply with the tax law, leading to the closure of such companies and causing unemployment in the country (Balogun, 2019). The general management problem is that there is no standardized system in Nigeria to ensure that every company's income registered with the corporate affairs commission (CAC) is captured in the tax system. Current studies on ICT and taxation in developing countries are mostly technical reports by IMF, USAID, UN, World Bank and other international organizations. The specific management problem is that some leaders in the manufacturing companies lack the understanding of the drivers of tax evasion, which led to sanctions from tax authorities in Lagos State, Nigeria.

Purpose of the Study

The purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The drivers may include those manufacturing companies who deliberately fail to submit the required tax return documentation to avoid tax obligations. The drivers may also include other reasons for tax evasion for manufacturing companies, such as a lack of education and understanding of the tax documentation requirements, process issues, technology access issues (ICT), and others. To address the gap in the literature, I recruited 10 leaders from manufacturing companies who have successfully used the various tax procedures and systems and properly pay their taxes for the past 5 years in Lagos, Nigeria. The study findings may also validate the successful tax filing data through the Federal Inland Revenue Service (FIRS) records. The unit of analysis are 10 leaders of manufacturing companies in Lagos, Nigeria, who have successfully complied with tax payments to FIRS using ICT strategies and who have documented evidence of regular payments. It is the hope that these leaders' successful strategies and tactics may be useful to the Tax Authorities in Lagos to educate other sectors that engage in tax evasion to increase the rate of overall tax compliance.

Research Questions

The central research question is: How can leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria?

Conceptual Framework

The theories and concepts that ground this study include the theory of reasoned action (TRA) developed by Fishbein and Ajzen in 2010. The technology adoption life cycle as developed by Moore in 1995. The logical connections between the framework presented and the nature of my study include TRA, which has been used to evaluate the individual's personality traits that influence tax compliance behaviour. The TRA scholars appraised two social cognitive constructs that determine intentions to engage in a specific behaviour; attitude is the personal opinion of behaviour and perceived subjective norm in accepting others' judgments (Kiconco et al., 2018). The technology adoption life cycle was used as an appropriate model for e-filing adoption by tax agents in the United Kingdom (Lymer et al., 2012). The model is used to describe technology acceptance behaviour among users of technology. The behaviour of e-filing of tax are categorized into (a) technology enthusiasts; where users enjoy to experiment the new processes and adopt the new technology even if the cost-benefit analysis is unsatisfactory, (b) early adopters; where the users quickly recognize the high value that the use of technology provides and accept an incomplete solution, (c) majority adopter and pragmatist; where users do not want to be the first to adopt the new technology, users only use a complete solution, and users look to the experience of others before adopting new technology, and (d) conservative or laggards; where users will only use technology solutions after a considerable time, unlikely to use a new technology unless the process is straightforward to use, they use technology when it is certain that the new technology has the same level of reliability as the existing solutions, and adopt new technology unless compelled to do

so by regulation (Lymer et al., 2012). Jiang et al. (2020) described the theory of reasoned action as a construct of intention, a motivational construct that is considered the most proximal determinant of behaviour. Intention reflects the extent to which an individual is likely to plan and invest effort in pursuing a given behaviour. The intention is conceptualized as a function of two belief-based constructs: attitudes and subjective norms (Jiang et al., 2020). Attitudes are positive or negative evaluations of performing the behaviour in future, while subjective norms reflect beliefs that significant others would want them to perform the behaviour (Jiang et al., 2020). The theory of reasoned action demonstrated effectiveness in predicting variability in people's behaviour across many contexts, populations, and behaviours. Ajzen modified the theory of reasoned action to account for behaviours that were not under the complete control of the individual. The theory of planned behaviour introduced perceived behavioural control as an additional predictor of intentions. In circumstances where individuals' perceptions of control closely reflect actual control, perceived behavioural control would determine the strength of the Intention-Behavior Relationship (Jiang et al., 2020). I used both TRA and the technology adoption life cycle as a guide in developing the interview protocol, which was used to find meanings to the research question.

Nature of the Study

The purpose of this qualitative exploratory case study was to explore how leaders in manufacturing companies could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The drivers may include those manufacturing companies who deliberately fail to submit

the required tax return documentation to avoid tax obligations. This approach is based on the work of Yin (2018), as he inferred that the case study method enables researchers to retain real-life events' meaningful attributes. I used an exploratory case study for my planned research design because of the uniqueness of a single sector involved in the study. The semistructured interview process was used to entail extended discussions with research subjects, following an interview and a focus group on the degree of predetermination of a question sequence (Ness et al., 2018).

Consequently, 10 participants were recruited from owners of manufacturing companies in Lagos, Nigeria, who have consistently complied with tax payment to FIRS using ICT strategies and tactics and who have such evidence of regular payments documented with FIRS. The case study method enables researchers to retain real-life events' meaningful attributes (Yin, 2018). The semistructured interview process was used to entail extended discussions with research subjects, following an interview and a focus group on the degree of predetermination of a question sequence (Ness et al., 2018).

Definitions

Failure to file Return. This can be described as a federal crime punishable as a misdemeanor or a felony. Willful failure to file a tax return is a misdemeanor pursuant to IRC 7203.

Fiscal policy. Fiscal policy refers to the use of *government spending* and tax *policies* to influence economic conditions, especially macroeconomic conditions, including aggregate demand for goods and services, employment, inflation, and economic growth (Bui, 2018).

Monetary policy. Monetary policy is the process of drafting, announcing, and implementing the plan of actions taken by the central bank, currency board, or other competent (Torregrosa-Hetland, 2020).

Personal income tax. An income tax is a tax imposed on individuals or entities in respect of the income or profits earned by them. Income tax generally is computed as the product of a tax rate times the taxable income (Cebula, 2020).

Tax Avoidance. Salehi et al. (2020) described tax avoidance as spectrum of tax planning strategies with legal tax avoidance such as investment in bonds at one end and tax noncompliance, tax evasion, tax aggressiveness and more generally illegal tax avoidance at the other end. It is also an action taken to lessen tax liability and maximize after-tax income.

Tax Evasion. Tax evasion is the illegal and intentional non-payment or underpayment of tax such as understating income, overstating deductions and falsifying financial records (Ozili, 2020). Tax evasion is also the failure to pay or a deliberate underpayment of taxes to gain undue advantage.

Underground Economy. This are money-making activities that people do not report to the government including legal and illegal activities.

Assumptions

Researchers and peers accept assumptions as accurate or plausible who will depend on your studies (Collins et al., 2016). The first assumption wasw that the participants would provide an accurate and honest response during the interview process. Another assumption was that the research design is suitable for the study. It is assumed

that the participants are willingly participate in a virtual interview or Zoom recording due to social distancing practice. Finally, it is assumed that the participants are well knowledgeable on the subject matter for the data collection process.

Scope and Delimitations

Scope of Study

The purpose of this qualitative exploratory case study was to explore how leaders in manufacturing companies could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. Ten participants were recruited from manufacturing companies in Lagos, Nigeria, who have consistently complied with tax payment to FIRS using ICT strategies and tactics and who have such evidence of regular payments documented with FIRS. The data collection process commenced after the IRB approval. Questions on the interview list formed the interview protocol, and each interview lasted for 50-60minutes. The geographical location for the study was Lagos, Nigeria.

Delimitations

The delimitations are the characteristic that limits the scope and describes the study's boundaries, such as the sample size and geographical location. The interviewee selected in this study are 10 participants from manufacturing companies in Lagos, Nigeria, who have consistently complied with tax payment to FIRS using ICT strategies and tactics and who have such evidence of regular payments documented with FIRS. The data collection process commenced after the IRB approval. Questions on the interview

list formed the interview protocol, and each interview lasted for 50-60minutes—the geographical location for the study is Lagos, Nigeria.

Limitations

Before data collection in a case study, the first step is to decide the specific area to study, which also implies identifying research participants and the particular case in question (Yin, 2018). According to Yin (2018), a single case design is similar to a single experiment. One notable rationale for a single case study is when the researcher aspires to explore a circumstance peculiar to an everyday situation (Yin, 2018). Due to the subjective nature of a qualitative study, I am limited by the study's nature; I may not generalize the findings of an explorative case study to the entire population. Another researcher hoping to replicate the study using similar circumstances may obtain a different outcome. Generalization of study is one crucial difference between qualitative and quantitative research. Furthermore, I carried out this study in Lagos, Nigeria; a similar study in a different location in Nigeria may produce different results. Also, as the researcher, I may unconsciously introduce personal biases into the data; for example, my personal experience as FIRS staff may introduce personal bias. To reduce bias in the study, I remained objective and neutral throughout the study and subtract my personal opinions and ideas from the research process.

Significance of the Study

The study findings may be significant to leaders of manufacturing companies by complying with the tax law, using ICT strategies and avoiding any form of sanctions from tax authorities. Manufacturing leaders may benefit from the study by understanding

the drivers of tax evasion, which may help prevent sanctions from tax authorities in Lagos State, Nigeria. Here I discussed the significance of the practice, its importance to theory, and its relevance to social change.

Significance to Practice

The study findings may also be significant to FIRS in adopting the right strategy for new financial years in tax collections. The study findings may be substantial to future researchers who may want to expand the body of knowledge of ICT strategies used in promoting tax compliance in Nigeria. Previous studies on ICT and taxation in developing countries are primarily technical reports by IMF, USAID, UN, World Bank and other international organizations (Umar & Masud, 2020). The study findings may be significant in fostering positive social change.

Significance to Theory

The study may be significant to future researchers who may want to expand the body of knowledge on drivers of tax evasion. The literature gap that existed before this study would be addressed, especially as it concerns Lagos, Nigeria. A study carried in Lagos may also be significant to the rest 36 states in Nigeria. The findings may add to the body of knowledge upon which the tax authorities will update tax practices in Lagos and other parts of Nigeria. From the series of articles and previous studies read, there appears to be a gap in the literature on the drivers of Tax evasion in Lagos, Nigeria.

Significance to Social Change

The study findings may be significant to the FIRS in generating revenues due to the increase in compliance rate after recommending solutions to the problem, as

mentioned in the problem statement. The social change implication includes improved infrastructural development and increased employment opportunities resulting from increased tax revenue collection from manufacturing companies, reduction of the rate of failure for companies as a result of tax sanctions, creation of a knowledge pool for start-ups to have an effective means of tax management, creation of higher revenues for government, as more leaders of manufacturing are more equipped of drivers of tax evasion, making more revenues available to government to create employment, and infrastructural development, and creation of employment in the country as well as lead to improved standard of living.

Summary and Transition

I aligned the problem statement, purpose statement, research question, and conceptual framework in Chapter One. I recruited leaders of manufacturing companies who have successfully used the various tax procedures and systems and properly filed taxes for the past 5 years in Lagos, Nigeria. The study may also validate the successful tax filing data through the Federal Inland Revenue Service (FIRS) records. The unit of analysis are 10 leaders of manufacturing companies in Lagos, Nigeria, who have successfully complied with tax payments to FIRS using ICT strategies and who have documented evidence of regular payments. The purpose of this qualitative exploratory case study was to explore how leaders in manufacturing companies could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. In Chapter Two, I presented relevant literature on drivers of tax evasion and tax compliance. Chapter Two contained the conceptual

framework, literature review, and previous studies on tax evasion. I also reviewed how the conceptual framework converges or diverge from the literature reviews related to the study. I presented a gap in the literature to justify the study.

Chapter 2: Literature Review

Rudyanto and Pirzada (2020) described taxpayer morale as the attitude towards paying taxes. Rudyanto and Pirzada (2020) argued that tax morale is higher when the taxpayer perceives the government as efficient and able to provide a fair output with respect to the revenues. The purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing companies could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria. The drivers may include those manufacturing companies who deliberately fail to submit the required tax return documentation to avoid tax obligations. The typical issues that were addressed in Chapter Two were (a) technology enthusiasts; where users enjoy to experiment the new processes and adopt the new technology even if the cost-benefit analysis is unsatisfactory, (b) early adopters; where the users quickly recognize the high value that the use of technology provides and accept an incomplete solution, (c) majority adopter and pragmatist; where users do not want to be the first to adopt the new technology, users only use a complete solution, and users look to the experience of others before adopting new technology, and (d) conservative or laggards; where users will only use technology solutions after a considerable time, unlikely to use a new technology unless the process is straightforward to use, they use technology when it is certain that the new technology has the same level of reliability as the existing solutions, and adopt new technology unless compelled to do so by regulation (Lymer et al., 2012). In Chapter Two, I discussed the literature search strategy, a discussion of the conceptual framework, and the literature review. The literature review contained contain

the analysis, synthesis, and evaluation of related studies on the drivers of Tax evasion by manufacturing companies in Lagos, Nigeria.

Literature Search Strategy

The literature search strategy is focused on tax payers' compliance strategy, overview of the Nigeria tax system, tax compliance, and factors influencing tax evasion. The Walden library databases was the primary sources for peer-reviewed articles and dissertations used to prepare this literature review. The business and management databases, specifically the ABI/INFORM, Business Source Complete, Emerald Insight, Sage Journals, and ScienceDirect, were the foundational resources. Secondary sources were used to ensure a multi-dimensional review: multidisciplinary databases such as Academic Search Complete, together with Google scholar, Nigerian government databases, the World Bank and related databases, trade publications, and manufacturing and consulting websites.w

The key search terms include, *overview of the Nigeria Tax system, taxpayers' compliance attitude in Nigeria, factors affecting taxpayers' compliance, tax compliance. tax evasion, factors influencing tax evasion, tax knowledge and education, perceived audit probability and effectiveness, socio-economic conditions and informal economy.* Varying combination of key search terms to be use to have a rich analysis, syntheses, and evaluation of literature.

Conceptual Framework

The theories and/or concepts that ground this study include the theory of reasoned action (TRA) as developed by Fishbein and Ajzen in 2010, and the technology adoption

life cycle as developed by Moore in 1995. The logical connections between the framework presented and the nature of my study include TRA. TRA has been used to evaluate the individual's personality traits that influence tax compliance behavior. TRA scholars appraised two social cognitive constructs that determine intentions to engage in a specific behavior; attitude is the personal opinion of behavior and perceived subjective norm in accepting others' judgments (Kiconco et al., 2018). The technology adoption life cycle was used as an appropriate model for e-filing adoption by tax agents in the United Kingdom (Lymer et al., 2012). I will use both TRA and the technology adoption life cycle as a guide in developing the interview protocol, which will be used to find meanings to the research question.

Theory of Reasoned Action (TRA)

Jiang et al. (2020) described the theory of reasoned action as a construct of intention, a motivational construct that is considered the most proximal determinant of behavior. Intention reflects the extent to which an individual is likely to plan to do, and invest effort in pursuing, a given behavior. Intention is conceptualized as a function of two belief-based constructs: attitudes and subjective norms (Jiang et al., 2020). Attitudes are positive or negative evaluations of performing the behavior in future, while subjective norms reflect beliefs that significant others would want them to perform the behavior (Jiang et al., 2020). The theory of reasoned action demonstrated effectiveness in predicting variability in people's behavior across many contexts, populations, and behaviors. Ajzen modified the theory of reasoned action to account for behaviors that were not under the complete control of the individual. The theory of planned behavior

introduced perceived behavioral control as an additional predictor of intentions. In circumstances where individuals' perceptions of control closely reflect actual control, perceived behavioral control would determine the strength of the Intention-Behavior Relationship (Jiang et al., 2020).

Technological Adoption Life Cycle

The model is used to describe technology acceptance behavior among users of technology. The behavior of e-filing of tax are categorized into (a) technology enthusiasts; where users enjoy to experiment the new processes and adopt the new technology even if the cost-benefit analysis is unsatisfactory, (b) early adopters; where the users quickly recognize the high value that the use of technology provides and accept an incomplete solution, (c) majority adopter and pragmatist; where users do not want to be the first to adopt the new technology, users only use a complete solution, and users look to the experience of others before adopting new technology, and (d) conservative or laggards; where users will only use technology solutions after a considerable time, unlikely to use a new technology unless the process is straightforward to use, they use technology when it is certain that the new technology has the same level of reliability as the existing solutions, and adopt new technology unless compelled to do so by regulation (Lymer et al., 2012).

Overview of the Nigerian Tax System

The concepts of tax and tax administration are two fundamental components of any attempt to nation building for any transitional nation like Nigeria (Umr & Masud, 2019). This is because taxes underwrite the capacity of states to discharge their duties;

they form part of the fundamental arenas for the conduct of state-society relations, and they shape the balance between accumulation and redistribution that gives states their social character. Simply put, taxes build capacity, legitimacy and consent (Umr & Masud, 2019). Otusanya and Lauwo (2019) appraised Nigerian tax system history dated back to 1904, a period when the personal income tax ordinance was introduced in the northern part of the area before the amalgamation by the colonial masters.

The tax system in operational then was later implemented through the Native Revenue Ordinance to the western and eastern regions in 1917 and 1928, respectively. Coupled with other amendments in the 1930s, it was later incorporated into Direct Taxation Ordinance No. 4 of 1940, and since then, different governments have continued on the improvement of the tax system in Nigeria. Hitherto, the Nigerian tax system in the last decades has undergone series of reforms and amendments geared towards enhancing tax collection and administration with minimal enforcement cost. Despite these, a major setbacks confronted by the Nigerian economy is the tax system presently in operation, and this has been a root cause of non-voluntary compliance among taxpayers (Umr & Masud, 2019). Otusanya and Lauwo (2019) noted when they argued that the Nigerian tax system has an inherent delinquent that has been a major impediment to economic growth, where tax evasion and avoidance are now prevalent.

Some of the major tax reforms put in place hitherto by the government in addressing the problems of tax administration in Nigeria include the introduction of the Taxpayer's Identification Number (TIN), which became effective since February 2008, and the Automated Tax System (ATS) that facilities tracking of tax positions and issues

by individual taxpayer (Umr & Masud, 2019). Also, the E-payment System (EPS) was introduced in order to enhance smooth payment procedure and reduce the incidence of tax touts; and the enforcement scheme (Special Purpose Tax officers), this is a special tax officers scheme in collaboration with other security agencies to ensure strict compliance in payment of taxes (Olusanya & Lauwo, 2019; Umr & Masud, 2019).

Taxpayers' Compliance Attitude in Developing Countries

Night and Bananuka (2020) identified key component of any tax system is the manner in which it is administered. No tax system is better than its administration, so tax administration is imperative in developing and maintaining a sustainable and efficient tax system. Furthermore, the perception of the individual taxpayers about the fairness of the tax system is recognized as an important factor that can significantly influence their tax compliance behavior (Night & Bananuka, 2020). An essential objective of tax administration is to ensure the maximum possible compliance by taxpayers of all types with their tax obligations. Unfortunately, in many developing countries like Nigeria, tax administration is usually weak and characterized by extensive evasion, corruption and coercion. Kiconco et al. (2019) described the tax system that is perceived as unfair by the citizens may likely to be less successful and this will encourage the taxpayers to engage in noncompliant behavior. Kiconco et al. (2019), income tax administration as in some other developing countries is characterized by low compliance level and despite Nigeria's human and natural endowment as well as economic potentiality, the country has continued to record one of the lowest tax compliance level in Africa (Kiconco et al., 2019). All efforts devoted towards enhancing tax collection and administration and to

ensure high level of taxpayers' compliance are still yet to provide any solace (Kiconco et al., 2019; Night & Bananuka, 2020).

The importance of tax compliance cannot be overemphasized because compliance removes uncertainties in estimating the amount of tax revenue to be mobilized by governments for financing the provision of public goods. Tax evasion among taxpayers has been described as a universal phenomenon which is associated with tax income administration in both developing and developed countries (Chalu & Mzee, 2018). Although, multiple tax practices top this list (Chalu & Mzee, 2018), other factors have been identified to affect taxpayers' compliance level as well. Among such factors are corruption (Amponsah & Adu, 2018), poor tax administration (Chalu & Mzee, 2018), financial condition of individual taxpayers, political instability, poor utilization of tax funds, the presence of large informal economy, high tax burden on the taxpayers, and personal decision not to comply with tax obligation. For example, Chalu and Mzee (2018) noted that the amount of tax revenue generated by government for its expenditure program depends among other things, on the willingness of the taxpayers to comply with tax laws of a country. In addition, it is well accepted that some people do not like paying taxes, and because of this reason, it is difficult for tax authorities to impose and collect taxes anywhere and anytime (Amponsah & Adu, 2018; Cladu & Mzee, 2018).

Tax Compliance and Tax Evasion

Alshirah and Addul0Jabbar (2020) described tax compliance as the reporting of all incomes and payment of all taxes by fulfilling the provisions of laws, regulations and court judgments. According to Organization for Economic Cooperation and

Development, OECD in 2008, there are four key compliance obligations, which include registering for tax purposes; filing tax returns on time, by the date stipulated in the law with correct reporting of tax liabilities; and paying taxes on time. Williams and Krasniqi (2020) appraised tax compliance as the willingness of individual and other taxable entities to act in accordance within the spirit as well as the letter of tax law and administration without the application of enforcement activity. Williams and Krasniqi (2020) further placed emphasis on the ‘spirit’ and not just the letter of the law; as well as pointing out that compliance ought to be voluntary, rather than enforced action. From these definitions, it is obvious that tax compliance is necessarily a thing of the law, and can be enforced by the law. This is so because the tax laws define and form the basis upon which taxes will be paid. The tax laws, together with the tax policy and tax administration make up the tax system, which is established as government’s tool to enhance, and enforce the payment and collection of tax in a given society. Despite this, however, tax non-compliance is in fact a pervasive phenomenon in all societies and economic systems; including both developed and developing countries (Alshirah & Abdul-Jabbar, 2020; Williams & Krasniqi, 2020). Given that tax compliance is the willingness of individual and other taxable entities to act in accordance within the spirit as well as the letter of tax law and administration without the application of enforcement activity (Williams & Krasniqi, 2020), tax evasion can be considered as the unwillingness or failure of individual and other entities to act in accordance within the spirit and the letter of tax law and administration. By this definition, it is inferred that if a taxpayer complies with the tax laws as a result of enforcement activity then such a taxpayer is

guilty of tax non-compliance. Alshirah and Abdul-Jabbar (2020) identified three forms of compliance as (a) committed compliance, (b) capitulative compliance, and (c) creative compliance, and suggested that enforced or reluctant compliance is still compliance.

Alshirah and Abdul-Jabbar (2020), however, made an important distinction between committed (voluntary) compliance and capitulative (enforced) compliance, by noting that in a tax administration context, enforced compliance has a cost, and very often a significant one. Committed compliance refers to the readiness of a taxpayer to abide by the tax laws and make tax payments as and when due without complaining; capitulative compliance refers to the hesitant discharging of tax obligation by taxpayer; while creative compliance is the organizing of the taxpayer's affairs to reduce overall taxes by redefining income and deductible expenditure within the confines of the law (Williams & Krasniqi, 2020). Cladu and Mzee (2018) stated that evasion with tax laws comes in two forms which are intentional non-compliance and unintentional non-compliance.

Intentional non-compliance is a deliberate move by a taxpayer to understate income, overstate expenses, misinform tax authorities, or fail to file tax return as and when due.

Unintentional non-compliance occurs when the taxpayer has failed to rightly file tax returns and make tax payment as a result of ignorance, oversight or mistake (Williams & Krasniqi, 2020). The key distinction is a question of whether or not the behaviour was deliberate. Therefore, a situation where the taxpayer deliberately undermines the tax laws for his personal gains is distinguished from a case where non-compliance is as a result of ignorance, oversight or mistake in applying tax laws. It must however be stated that whether or not non-compliance is intentional, it remains unlawful as there is no ignorance

in law. In law, both intentional and unintentional non-compliance are referred to as tax evasion which is a crime (Williams & Krasniqi, 2020).

Factors Affecting Tax Compliance

Tax compliance is of great interest due to its complexity and multidimensionality, since there are many factors that may affect how citizens react to taxation. Lois et al. (2019) appraised tax revenues as most governments' greatest revenue source, which they use to fund the necessary public infrastructures and services for their citizens. Tax compliance is of paramount importance for governments to provide public goods and reallocate wealth. Collecting tax income stabilizes economies and alleviate states from public debt. Government revenue collection may suffer from tax evasion and high tax collection costs, and thus they often battle the corrupt practices of procurement officials (Sadress et al., 2019). The increased spending and shrinking revenues caused by corruption can lead to budget deficits. Sadress et al. (2019) laid the foundation for academic discourse on the subject of compliance and non-compliance when he submitted that optimal policies (punishments, which serve as a form of deterrence) to combat illegal behaviour (non-compliance with established laws) are part of an optimal allocation of resources. Musimenta et al. (2017) identified fourteen important factors that have to do with the subject of tax compliance, which are classified the factors into four categories, namely (a) demographic, (b) age, (c) gender, and (d) education; non-compliance opportunity is income level, income source and occupation; attitudes and perceptions: fairness of the tax system and peer influence; and tax system/structure: complexity of the tax system, probability of detection, penalties and tax rates. Sadress et al. (2019)

identified some gaps and hence incorporated an important environmental factor such as culture and the interaction effect between non-compliance opportunity and tax system/structure on tax compliance. Sadress et al. (2019) posited that culture is a powerful environmental factor that affects the taxpayer's compliance; claiming that different social norms and ethical values will create different incentives for tax compliance. Yee et al. (2017) contended that ethical values influenced by social norms may prohibit taxpayers from engaging in tax evasion. On the issue of the interaction effect between non-compliance opportunity and tax system/structure on tax compliance, they considered income level, non-compliance opportunity and tax rate, tax system and structure and submitted that when these two factors are considered together as one instead of two distinct factors they have a much greater influence on tax compliance than any of them could have, standing alone (Yee et al., 2017). In proposing a tax compliance model for Nigeria, the Fischer's model is adopted by including perceived tax service quality, public governance quality as well as moderating effect of personal financial condition and risk preference (Musimenta et al., 2017). The concept of public governance quality takes into cognizance the benefits derivable by taxpayers as a result of tax payments, in a *quid pro quo* tax arrangement (Yee et al., 2017). The perceived tax service quality considers the way and manner taxpayers are treated and responded to by the tax offices and officials. Similarly, in respect of service quality, Yee et al. (2017) argued that a respectful treatment of taxpayers supports and possibly even raises tax morale. Lios et al. (2019) categorized factors affecting tax compliance into economic and non-economic factors. The economic factors include level of actual income, tax rate, fines, audit

probabilities, tax benefits, tax audit, and penalties; while the non-economic factors include attitudes towards taxes, personal, social and national norms, as well as perceived fairness of tax system. This is in agreement with the findings of several other authors (Lois et al., 2019; Sadress et al., 2019).

Demographic factors. Demographic factors include age, gender and education. Chong et al. (2019) noted that the Fischer model suggests that demographic variables affect taxpayer compliance indirectly by their influences on non-compliance opportunities and attitudes and perceptions. This implies that age, gender and education have a direct influence on income level, income source and occupation, as well as on perceptions of fairness of the tax system and peer influence; these in turn shapes taxpayer compliance. Specifically, on the issue of gender differences in tax compliance there are mixed results: while some report no significant differences (Ching et al., 2019).

Non-compliance opportunity. Non-compliance opportunity refers to the economic factors, which include income level, income source and occupation. The Fischer model proposed that non-compliance opportunity, income level, income source and occupation affect tax compliance directly, as well as indirectly through attitudes and perceptions (Stark & Kirchler, 2017). This evidence reveals that the relationship between non-compliance opportunity and tax compliance is in two different ways. Directly, the level of income available to a taxpayer; the source of such income and his occupation have been found to influence his willingness to comply with tax payment. Indirectly, these factors influence the taxpayer's perception of the tax system and affect his attitude as well; these in turn influence tax compliance (Stark & Kirchler, 2017). While the source

of income refers to the relative ease with which taxpayers got their income whether with little or much hard work submitted that taxpayers were less compliant when they reported income earned relatively easily than when they reported hard-earned income, and that taxpayers are reluctant to lose their hard-earned money by getting into avoidable squabbles, gambling with tax authorities. On the relationship between income effects source, level, or occupation and tax compliance Stark and Kirchler (2017) held that definite conclusions cannot be drawn, as there are inconsistent and ambiguous results.

Attitudes and Perceptions. Attitudes represent the positive and negative evaluations that an individual holds or have of things, which encourage individuals to act according to them (Chong et al., 2019). Sadress et al. (2019) held that attitudes can also be referred to as tax morale, or the intrinsic motivation to pay taxes. Sadress et al. (2019) submitted that positive attitudes will lead to trust in authorities and hence will enhance voluntary tax compliance. Lois et al. (2019) held that high economic freedom, important equity market, effective competition laws and low serious crime rate contribute to boosting tax morale such as attitudes and perceptions towards tax compliance, which in turn serves as a strong deterrent to tax evasion. This implies that attitudes and perceptions, if positive, can influence tax compliance (Lois at al., 2019).

Factors Influencing Tax Evasion

Kim and Han (2019) evaluated social norms as social rules by which members of a society self-regulate, think or act irrespective of government laws or sanctions. The violation of these social rules according to Kim and Han can lead to guilt and shame. Chalu and Mzee (2019) described social norms as one of the most significant factors that

define social life. Kim and Han (2019) described social norms as a set of rules that are neither introduced by acts of parliament or constitutions nor enforced by law-enforcement agencies. What all these positions connote is that, within a society, certain behaviours are considered the right thing to do so people conform. Other ways of behaving are frowned at and people likewise desist from such actions. Doing what the generality of societal members approve will be rewarded with approval and acceptance among members of the society as doing things otherwise will attract rejection and sanctions by societal members. However, social norms vary from one society to another. Chalu and Mzee (2018) appraised people to act based on what others around them are doing. Could this translate to the fact that people will pay income tax when they see others paying? This study argues that this is likely. Shafer et al. (2018) analyzed the result of series of letters sent by the British tax authorities to defaulters reminding them to pay up their tax liabilities. In Nigeria, where it has already been argued that income tax performance is very low, noncompliance is almost assuming the status of a social norm.

Tax Knowledge and Education

Adu and Amponsah (2020) described tax knowledge as a significant factor that influenced tax compliance behaviour. Adu and Amponsah (2020) mentioned that tax laws are complex, highly abstract and contains technical jargons. They also cited Lewis (1982) as saying, by the end of the 1970s, comprehending tax issues in Britain required about 13years of education while 12.5years is considered the benchmark in the USA and Australia's estimate was 17years. Given the low level of literacy in Nigeria and other developing countries, it is doubtful whether a large proportion of prospective income tax

payers meet this educational requirement. Yuniarta and Purnamawati (2020) appraised that the introduction of the self-assessment system globally further underscores the need for educated tax payers. He posited that since income tax payers are expected to compute their tax liabilities and file returns, they must possess minimum educational skills.

Yuniarta and Purnamawati (2020) studied the effect of education on tax compliance. Yuniarta and Purnamawati (2020) found that the effect of education on tax compliance to be positive. While level of education could be attributed to years of formal education and earned certificates, tax knowledge involves passing information and creating awareness about tax policies and programs of government. Yuniarta and Purnamawati (2020) studied tax-payers' education in Nigeria which reviewed literature on compliance and found out that educated tax payers appear to cooperate more with tax authorities since they understand the necessity for raising revenue to finance public services.

Perceived Audit Probability and Effectiveness

Tax audit is crucial to effective tax administration. Before alternative models for explaining the complexities of tax compliance evolved, the classical study on tax compliance by Abdullah and Sapiei (2018) utilized the economics-of-crime model of Becker in 1968. This approach stated that the individual tax payer is involved in a rational economic decision while contemplating paying tax. He weighs the risky prospect of being caught with attendant penalty and the favorable prospect of escaping undetected thereby making economic gain. Abdullah and Sapiei (2018) used projects audit as a deterrent to possible noncompliance since audit portends the danger of being caught.

Many tax compliance researchers have since put forward alternatives compliance models to explain tax compliance behaviour (Adu & Amponsah, 2020). A common thread that runs through these alternative models is that the economics of crime approach, with its emphasis on audit, is not enough to explain the dynamics of tax compliance. Abdullah and Sapiei (2018) stated that the number of tax returns subjected to audit in most countries is considerably less than 1 per cent of all returns. Yet, in America, the about 83percent compliance could not have been explained by the disproportionate amount of audit. However, despite reaching a consensus that audit alone does not account for a large number of tax compliance, researchers have not downplayed the role of audit in ensuring compliance. Abdullah and Sapiei (2018) stated that deterrence, tax equity/fairness and tax morals are the predominant factors that scholars have attributed to compliance decisions- deterrence is linked to audit.

Socio-economic Conditions

Vanchukhina et al. (2020) drew attention to the role of financial condition as a factor influencing tax compliance in developing countries. Adu and Amponsah (2020) claimed that the moderating effect of personal financial condition as it affects tax compliance is more pronounced in developing countries generally and Nigeria where poverty is pervasive coupled with high family responsibilities. Yuniarta and Purnamawati (2020) demonstrated the positive correlation between countries income per capita and amount of tax they collect positing that developing countries collect little income tax because of their relatively low income per capita and the preponderance of small businesses in the informal sector. Yuniarta and Purnamawati (2020) argued that a key

motive for these informal activities is to evade tax. This postulation aptly describes the Nigerian scenario. Yuniarta and Purnamawati (2020) addressed why low income earners avoid contributing to the state's common pool and the role financial condition play in tax evasion decisions of income earners in a poverty-stricken nation like Nigeria and how does social circumstances blend with economic factors to foster the socio-economic conditions fueling tax evasion in Nigeria.

Abdullah and Sapiei (2018) used financial condition as a variable in determining tax evasion in Nigeria, this study proposed socio-economic condition arguing that some social metrics are behind the financial conditions that affect people. This construct is also used by the National Bureau of Statistics in 2014. The social factors that contribute to worsening financial conditions in Nigeria are inadequate government expenditure on healthcare thereby forcing income earners to provide their own healthcare at very exorbitant and inefficient rate (Abdullah & Sapiei, 2018). Adu and Amponsah (2020) posits that the funding of education in Nigeria is far below the benchmark recommended by UNESCO thereby creating a situation where income earners spend so much in providing education to their dependents. Adu and Amponsah (2020) puts the unemployment rate for 2011 at about 24% projecting an increase to 30% in 2014. The large unemployed population of people coupled with a large population of rural dwellers all depend on the middle class urban dwellers for sustenance based on the extended family system practiced in Nigeria (Abdullah & Sapiei, 2018).

Informal Economy

The shadow economy exists all over the world though to a varying degree in each country (Shafer & Simmons, 2018). A lot of literature and studies are available on this issue but a definite agreement has not been reached on the exact definition and scope of the informal economy. It is also difficult to compile a comprehensive and reliable database on this phenomenon because operations in the informal economy are shrouded in secrecy (Kim & Han, 2019). Kim and Han (2019) asserted that the informal economy is composed of the production and distribution of illegal goods and services and non-reporting of legal economic activities. Shafer and Simmons (2018) posit that the informal economy constitute a problem to governments worldwide as the higher the percentage of the informal economy to the GDP, the lower the amount of tax revenue accruing to the government. The explanation for the below average performance of income tax in Nigeria can arguably be situated in this abnormally high percentage of the informal sector compared to other countries worldwide and even Africa.

Comparison of Tax Evasion and Tax Avoidance

Tax evasion. The greater the extent to which tax evasion occurs in a nation, the greater that nation's government budget deficit tends to be, and, over time, the greater its outstanding national debt tends to be, *ceteris paribus*. This circumstance had led to a number of studies of the degree of aggregate tax evasion. Interestingly, Cebula (2020) appraised income tax evasion and non-compliance is neither modest in magnitude nor uniform across nations. In the USA, aggregate federal personal income tax evasion consists most extensively of taxable income that is either unreported or at least

underreported to the Internal Revenue Service (Salahi et al., 2020). Scholarly research into the issue of personal income tax evasion falls into three distinct broad categories. The first of these categories consists largely of theoretical mathematical models of personal tax evasion behavior. However, despite the extensive breadth and depth of this tax evasion literature, to date, no scholarly study has addressed drivers of Tax non-compliance by manufacturing companies in Lagos, Nigeria, which has led to tax evasion, causing sanctions on manufacturing companies that fail to file tax returns to the appropriate government authorities. In any event, failure to address the federal personal income tax evasion issue and the related issue of income tax evasion-induced crowding out as well as the budget deficit issue in an efficient fashion arguably puts the Nigeria economy at risk (Ozili (2020). That risk can take a variety of forms in addition to interest rate risk imposed upon bond holders and any concomitant negative wealth effects deriving from that interest rate risk in the light of higher/rising interest rates. More specifically, these risks potentially include, but are not restricted to, the following: a reduced aggregate rate of capital formation, a reduced aggregate growth rate of job opportunities, a reduced ability to compete in the global economy, lower long-term aggregate per capita economic growth and a lower average standard of living over time (Ozili, 2020).

Tax avoidance. Tax is a kind of cost imposed by the government on revenue-generating business units (Salahi et al., 2020). Because companies and legal entities are trying to obtain more profit, they can be expected to seek solutions to reduce their tax payments. Tax payments transfer the wealth from the company and its owners to the

state; therefore, most companies design their own management arrangements to minimize their tax obligations. There are two perspectives on the impact of auditor's attributes toward tax evasion. The first view is that if companies are seeking to avoid paying extra taxes while complying with tax laws, they will certainly seek advice from tax consultants. Salahi et al. (2020) concluded that about 65% of companies received part of their tax advice and other related services from their auditors. An auditor who has more expertise in the industry or more tenure in client companies can better advise clients on tax matters. Moreover, they will be more likely to ask for a higher fee from the employer. The second view is that tax evasion may be a reflection of the agency theory which may lead to tax decisions that follow the manager's personal interests. So, one of the challenges facing stakeholders is to find ways and controlling incentives to minimize agency costs (Salahi et al., 2020). With the help of their tax departments and agencies and spending more time, auditors may better assess sound tax items included in estimates to shareholders and analysts and detect tax evasion.

Ozili (2020) held that tax evasion is like a spectrum of tax planning strategies with legal tax evasion such as investment in bonds at one end and tax evasion, tax aggressiveness and more generally illegal tax evasion at the other end. However, in the narrower definition, tax evasion is a legal measure to reduce tax liabilities. Based on this definition, tax evasion is done within the framework of tax laws and taxpayers would not worry about the potential exploration of their actions (Cebula, 2020), while tax evasion is to run any criminal activities by civil penalties that is intended to reduce the taxation incidents. In most countries, most of the government's revenue sources come from taxes.

The tax share of total public income is completely different among the countries all around the world (Cebula, 2020).

In the meantime, evasion tax has caused tax revenues to be lower than what has been estimated (Ozili, 2020). Clearly, tax evasion is a kind of legal violation, tax laws to reduce taxes. Therefore, since tax evasion is seemingly a legal activity, it seems to be more exposed than tax evasion. In addition, because there is a little deterrent rule for tax evasion, many companies are expected to engage in it, especially those firms which have severe financial problems. Hence, the main purpose of this qualitative exploratory case study is to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria.

Taxpayers Compliance Appraisal

The purpose of this qualitative exploratory case study is to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria. The tax sector is one of the sectors where almost all sources of state revenues are derived. The large amount contributed from the tax sector illustrates the importance of tax for a country. The cause of the low compliance of the taxpayer hereinafter is mentioned the abbreviation as TP is the principle of taxation itself in which the result of tax collection cannot be directly enjoyed by the TP (Babawale (2013). This happens because TP never knows the tangible rewards in concrete terms of the money they have paid for taxes so far. In addition, because the tax collection mechanism is a

self-assessment system which requires every TP to register to the tax service office in order to obtain the taxpayer identification number known as Tax Identification Number (TIN), which is used to calculate and take into account the tax payable, paying to the bank or post office and reporting it using a form called as annual tax return (ATR) accompanied also with the evidence of tax payment slip. TP is responsible for self-filling and submitting ATR correctly, completely and clearly (Babawale, 2013).

Using Lagos State, Nigeria to demonstrate the application of the contrived conceptual framework, the study, among others, recommended for her urban areas, a combination of modified mass appraisal technique, modified UK's "property banding" technique, and discrete valuation to reflect the diverse distribution of her property stock. Others include a ten-yearly comprehensive revaluation and indexation for the annual or periodic adjustments during the intervening periods (Paraduhita & Mustikasari, 2018).

The function of valuation within a property tax system is to determine the relative proportion of the tax burden to be shared by each taxable property. Ideally, the tax burden should be distributed amongst all tax payers *de jure* and *de facto* according to the ability of individual to pay (Paraduhita & Mustikasari, 2018). It is a universal principle that a government should not use tax as an instrument for expropriation of property or of a significant part of it. Moreover, high tax rate discourages property investment and maintenance. The essential components of the valuation model for property tax purpose are (a) the tax base, (b) the basis of valuation (c) the method of valuation (d) the approach to valuation, and (e) adjustments to valuation list and roll (Paraduhita & Mustikasari, 2018).

The tax base is a policy statement which for most developing countries, have been found to depend on historical precedence and administrative feasibility (Paraduhita & Mustikasari, 2018). The tax base is usually broadly defined to include all land, all buildings, or both, not expressly exempted. Countries like Ghana, Tanzania and Mozambique tax only buildings/improvements; Jamaica, Bermuda, Kenya, and New Zealand tax only land; most other countries tax both land and buildings (Nigeria, East and Southeast Asian countries, Namibia, Zimbabwe and Latin America), while countries like South Africa practice a mix. Some countries provide for more than one tax base to cater for variety of property class, e.g. agricultural lands, rural and urban properties (Paraduhita & Mustikasari, 2018).

Once the tax base has been determined, the next step is to determine the basis of assessment. The basis of valuation is a statement of the fundamental measurement principles of a valuation (Babawale, 2013). The tax base therefore determines the relative proportion of total tax to be paid by each property based on either the property's physical characteristics such as land area or property value. Where properties are weighted by value, the tax law may provide for either unimproved site value, improvement value or a combination of site value and improvement value. A number of countries use self-assessment (Paraduhita & Mustikasari, 2018).

Electronic Taxation and Tax Compliance

The unprecedented rise in e-commerce across the globe has led to the creation of a new form of trading where goods and services may be traded online from anywhere in the world. In this regard, various factors are responsible for online provision of goods and

services ranging from efficient international logistics, communication network, country-to-country collaboration, the opening up of some conservative economies as well as a secure international payment system (Umar & Masud, 2019). Consequentially, it follows that with the increase in activity on the technological platform, governments across the globe are coming up with fiscal measures to ensure that businesses pay their fair share of taxes in the country in which they operate (Umar & Masud, 2019). Nevertheless, these fiscal measures have to be designed in a manner which enables the government to raise revenue while at the same time, establish an appropriate environment conducive to the flourishing of the e-commerce sector.

Amongst the various tax challenges that occur on the digital space is the absence of local presence of foreign suppliers of digital services in the country where the service is being provided. As taxation is based on a residence concept although this trend is now changing focus, foreign suppliers of electronic services use this principle as a leeway to avoid paying taxes in the host country. Accordingly, foreign suppliers of digital services are increasingly engaged in anti-avoidance taxation schemes and manoeuvres which results in loss of tax revenue for governments of host country where the services are being provided. This is the case for Netflix which generates 80% of its revenue from international subscribers (Umar & Masud, 2019). While Netflix does not pay any tax in countries where it provides its services due to the absence of physical presence, the local providers and cable operators in these countries have accused the company of promoting unfair competition since the latter have to pay taxes in the same countries. Another example of this unfair competition is the case of some social networking platforms such

as Facebook which basically have two main functions which are to promote certain applications and provide messaging free of charge to consumers across the globe. In fact, Facebook collects its revenue from advertisement provided to suppliers who would like to target customers in some specific geographic regions and in the second quarter of the year 2020, Facebook generated US\$18.7b through advertising (Umar & Masud, 2019).

Consequently, governments imposing digital taxes on foreign suppliers have to consider the trade-offs of tax revenue against the negative impacts entailed by digital taxes. For this purpose, it is imperative to design the laws on digital taxes in a manner that ensures efficiency in cost of collecting taxes, avoid over-taxation of digital activities and that would minimize the adverse effects on the economy of the country (Umar & Masud, 2019). Nevertheless, as there are always two sides of a coin, international agencies such as the OECD and the EU are in favour of introducing digital taxes on foreign services, which the following part of the literature review will address.

The international taxation landscape is undergoing major changes due to the accelerated expansion of the digital economy. In broad terms, a digital economy relies heavily on information technology while conducting trade through the internet in a manner as if the goods sold on traditional shopping centres shelves and services rendered by individuals or corporates, have now been shifted to virtual shelves found on the World Wide Web. Indeed, the growth of the ecommerce sector is evidenced by the E-commerce Statistics (2020) which provides that e-retail sales accounted for 14.1% of all retail sales worldwide and these figures are expected to arrive at 22% in 2023 (Umar & Masud, 2019).

First, IT is not immune to the systemic corruption prevalent in many developing countries; hence, it is quickly compromised. Second, IT can be efficient in dealing with registered taxpayers but cannot deal with the overwhelming large numbers of operators in the informal sector. Third, E-tax administration, which is a hallmark of IT-led tax administrations in advanced countries, is very slow to catch up in developing countries. A computerized tax administration alone, as currently obtainable in developing countries, is not enough to engender large usage of e-filing. Businesses, especially small and medium-sized enterprises (SMEs), need IT infrastructure as well to align with tax administration. Unfortunately, basic IT infrastructure is yet to be available to a large section of SMEs in developing countries (Umar & Masud, 2019). Tax evasion has been perpetrated since the beginning of taxation, and it is also a worldwide phenomenon. However, developing countries are the worst affected. Tax evasion leads to inadequate tax revenues so much that it is threatening the existence of many developing countries. Some of these countries have been classified as fragile states because of inadequate tax revenue (OECD, 2014a). The problem of low tax revenue generation in developing countries has been a global concern for many decades (Umar & Masud, 2019).

Tax Evasion Cost

The pervasiveness of tax evasion remains a serious concern to most tax authorities around the world. The negative impact of tax evasion on the economy and the evolving nature of the Malaysian corporate tax system have motivated this study. Yusof et al. (2014) used multiple regression results revealed that marginal tax rate, company size and types of industry exerted significant effects on corporate tax non-compliance. The

services and construction industries were noted to be the predominant industries engaged in tax non-compliance. The amount of concealed income unearthed during tax audit indicates clearly that there is widespread tax evasion in Malaysia and the quantum of tax lost through tax non-compliance is quite high (Yusof et al., 2014).

Yusof et al. (2014) described tax compliance as filing all required tax returns at the proper time and that the returns accurately report tax liability in accordance with the tax code, regulations and court decisions applicable at the time the return is filed. This study found that the significant predictors of tax non-compliance of SMCs are marginal tax rate, company size and types of industry. The findings support the economic deterrence theory that corporate tax rate does affect tax evasion. In addition, this study found that the two most predominant industries that engaged in tax evasion are services and construction industries. Tax defaulters like other criminals should be punished adequately according to the severity of the offence in order to deter them from repeating it and at the same time to serve as a stern warning to others who have the intention to cheat.

Role of Taxpayer Education in Voluntary Compliance

Education, when viewed as a demographic factor, refers to the general knowledge possessed by the taxpayer. It highlights the taxpayer's capability to understand, basically, what the tax laws are saying and to be able to abide by such laws as a result of such basic understanding (Nwidobie, 2018). For a taxpayer to hand over his hard earned money willingly, it is important that he understands why he ought to be doing so. Taxpayer education, however, goes beyond education as a demographic factor, because it provides

comprehensive tax education and information that promotes partnership and voluntary compliance with the objective of maximizing revenue collection for national growth and development. Voluntary compliance will appear to do the state government a lot of good with respect to the volume of revenue generated from taxation. According to Oktaviani et al. (2020), the objectives of taxpayer education are to support the revenue service in achieving their collective business objectives; provide the key interface between revenue service and taxpayers by means of education and information access; and to optimize the use of educational resources to build a culture of compliance, awareness, service and responsible taxpayer empowerment. Tax education involves any informal or formal programme put together by the tax authority, government or other agencies by which to encourage taxpayers in filing tax returns correctly and also to cultivate awareness of their responsibilities in respect of the tax system (Oktaviani et al., 2020). Such programmes can become important instruments in encouraging taxpayers to comply voluntarily with tax laws and also serve as a means of reaching out to taxpayers in order to properly educate and inform them on all that has to do with taxation and tax payment. Nwidobie (2018) inferred that effective taxpayer services include the development of educational programmes to inform existing and potential taxpayers. Also, United Nations in 2000 held that it might be desirable to organize broad education campaigns to explain taxpayers' rights and obligations, the rationale to pay taxes, the way in which tax revenues are spent and benefits taxpayers derive from government spending. Nwidobie (2018) concluded that many taxpayers become defiant, demotivated and disillusioned

because of their lack of understanding of the tax obligations imposed on them. Hence, the primary reason taxpayer education exists is to encourage voluntary compliance.

Tax Evasion among Manufacturing Companies

Salehi et al. (2017) evaluated that tax evasion is more likely to be raised about corporates with the separation of ownership, as individuals are less involved in evasion and tax evasion because of the risk of detection and penalty and risk aversion or internal motivations such as social duty (Salehi et al., 2017). Thus, tax evasion may be a reflection of the agency theory and may result in tax decisions that pursue managers' personal interests. Therefore, one of the challenges faced by the shareholders and board of directors is to find control methods and incentives to minimize agency costs (Salehi et al., 2017). The vision presented and tested in this study on tax evasion, according to the separation of control from ownership, is that, if the owners test the mental health and moral foundation talents such as intellectual intelligence and emotional intelligence of managers, their tendency to the ambiguous activities such as tax evasion can be predicted, because researchers believe that there is a link between emotional intelligence, spiritual intelligence and good temperament, which is important for effective management (Salehi et al., 2017). Corporate disclosure clarifies the tax evasion goals and motivation of benefits for individuals within the organization (Salehi et al., 2017). An efficient disclosure system can reflect the behavior of the economic unit management to the external owners, not to let the manager pursue his interests in the light of the tax evasion activities (Salehi et al., 2017).

Tax Evasion and Economic Impact

The ultimate implications of all forms of tax evasion which are artificial tax-minimization and creative compliance can be linked intrinsically to the erosion of a government's national revenue-base and to its efforts to accomplish public, distributive and procedural justice (Rothengather, 2005). Failing to achieve the latter, in particular, may undermine a government's capacity to respond adequately and equitably to the collective needs and aspirations of all members of society (Rothengather, 2005).

Beritelli et al. (2020) described tax evasion as any illegal and intentional actions taken by individuals to reduce their legally due tax obligations. The intentional nature of these actions sets tax evasion apart from simple mistakes in judgment or calculation. Unlike tax evasion, those mistakes frequently do not qualify as criminal offenses. Despite the definition's explicit reference to an individual agent, it equally applies to the evasion of corporate taxes by firms that, underreport income, over state deductions, or fail to file tax returns. In this framework, overnight tax evasion refers to hospitality businesses intentionally and fraudulently underreporting income from accommodation services to reduce their tax obligations. This includes both cases where businesses charge guests' overnight taxes on their bill but retain the tax share and cases where they intentionally forgo charging overnight taxes order to offer guests a favorable room rate at a price point below competitive offer (Beritelli et al., 2020).

Tax revenue sustains economic development and finances both social programmes and infrastructure investment (Night & Bananuka, 2020). Night and Bananuka (2020) concluded that taxation as a process of levying and administering taxes

is a key player in every society of the world because it is a chance for the government to collect revenue needed in satisfying its pressing obligations. Tax revenues provide governments with the funds needed to invest in development, dismiss poverty, deliver public services and build the physical and social infrastructure for long-term growth (Night & Bananuka, 2020).

Monitoring and Evaluation of Tax Compliance

Night and Bananuka (2020) examined the mediating effect of adoption of electronic tax system in the relationship between attitude towards electronic tax system and tax compliance using evidence from small business enterprises (SBEs) of an African developing economy. Findings revealed that the Adoption of electronic tax system is a partial mediator in the association between attitude towards electronic tax system and tax compliance. Results further indicate that adoption of electronic tax system and attitude towards electronic tax system are significantly associated with tax compliance (Night & Babanuka, 2020).

Tax compliance is fulfilling all the tax obligations as stated by the law willingly and fully (Night & Babanuka, 2020). Tax compliance as an act of lodging the income tax return form, stating all the taxable income truthfully and paying all the tax obligations within the specified period without having to wait for the authority for any follow-up actions (Night & Babanuka, 2020). One of the major challenges facing tax administrations, is the identification of taxpayers for audit programs which are both efficient (least cost) and effective in performing their deterrence role, and are at the same

time widely perceived by the community at large to be fair and reasonable (Syed & Kalirajan, 2000).

Tax compliance evaluation in a population of taxpayers requires sophisticated benchmarking of taxpayer performance. In the field of production economics, an economic unit's performance can be judged by benchmarking technical efficiency (Syed & Kalirajan, 2000). Technical efficiency is described as the capacity and willingness of an economic unit to produce the maximum possible output from a given bundle of inputs. Quantification of this measure is useful because it facilitates comparisons across similar business units (Syed & Kalirajan, 2000).

Tax Compliance Awareness and Social Impact

Akinboade and Kinpack (2012) evaluated the regulation, awareness, compliance and performance of small and medium-size enterprises (SMEs) in manufacturing industries. The findings reveal businesses registered for tax and those in the manufacturing sector see tax regulation as a burden. Those having opinions that regulation is rigid, inconsistent and that there is corruption also opine that regulation is negatively impacting on business (Akinboade & Kinpack, 2012). High compliance with customs and municipal regulations significantly negatively affect business development. On the other hand, high compliance with health and safety as well as trade regulations is good for SME development. Businesses registered with the Ministry of Trade tend to be more compliant, while those registered with the Municipality are not (Akinboade & Kinpack, 2012).

Achieving the Millennium Development Goals (MDG) of eradicating extreme poverty and hunger and others will require rapid and sustained growth for African countries (Umar et al., 2019). SMEs contribute to growth and industrialization in poor countries. If the promotion of SMEs increases growth, this by itself is likely to imply reduced poverty. Other things being equal, the faster the achievement of economic growth, the greater the chance of poverty reduction, as growth tends to be pro-poor. There are identifiable reasons why regulation hits small businesses hard. SME have higher compliance costs than large businesses; they are less resilient to regulatory shocks, miscalculations and uncertainties; SME owners lack regulation specialists; their need to grow can be badly affected by regulation; they face large costs of administration such as taxes as well as regulatory burdens; and they often need the assistance of government to comply with regulation (Umar et al., 2019).

Gap in literature

Even though there is research on tax evasion, there exist a gap in tax evasion in the manufacturing companies in Lagos, Nigeria. Previous studies on tax evasion has focus on the Western world (Nwidobie, 2018; Oktaviani et al., 2020). The behavior of e-filing of tax are categorized into (a) technology enthusiasts; where users enjoy to experiment the new processes and adopt the new technology even if the cost-benefit analysis is unsatisfactory, (b) early adopters; where the users quickly recognize the high value that the use of technology provides and accept an incomplete solution, (c) majority adopter and pragmatist; where users do not want to be the first to adopt the new technology, users only use a complete solution, and users look to the experience of others

before adopting new technology, and (d) conservative or laggards; where users will only use technology solutions after a considerable time, unlikely to use a new technology unless the process is straightforward to use, they use technology when it is certain that the new technology has the same level of reliability as the existing solutions, and adopt new technology unless compelled to do so by regulation (Lymer et al., 2012). Despite these studies, none appear to have provided understanding to the specific management problem about how leaders in the manufacturing companies, lack the understanding of the drivers of tax evasion which had led to sanctions from tax authorities in Lagos state, Nigeria. To address this gap, I recruited 10 participants from manufacturing companies in Lagos, with evidence of properly filed taxes for the past 5 years, who have operated business within 5 years and above, and has a zero penalty from the tax authorities, to explore how such leaders did not evade tax despite the numerous drivers of tax evasion in manufacturing companies in Lagos state, Nigeria.

Summary and Conclusions

Tax evasion may lead to inadequate tax revenues so much that it has threatens Nigeria's government's ability to fund fiscal policies. The purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing companies could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria. TRA has been used to evaluate the individual's personality traits that influence tax compliance behavior as well as the technology adoption life cycle. Chapter 3 contained the research method, research design

and rationale, role of researcher, methodology, data analysis plan, issue of trustworthiness, ethical procedures and summary.

Chapter 3: Research Method

The purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria. The drivers may include those manufacturing companies who deliberately fail to submit the required tax return documentation to avoid tax obligations. The drivers may also include other reasons for manufacturing companies tax evasion such as a lack of education and understanding of the tax documentation requirements, process issues, technology access issues (ICT) and others. The study findings may be significant to leaders of manufacturing companies by complying with the tax law, using ICT strategies and avoiding any form of sanctions from tax authorities. The study findings may be significant to the FIRS in generating revenues due to the increase in compliance rate after recommending solutions to the problem, as mentioned in the problem statement. The social change implication includes improved infrastructural development and increased employment opportunities in the country, resulting from increased tax revenue collection from manufacturing companies.

I gave an overview of how the research design derives logically from the problem statements, the qualitative tradition that will be used and the role of the researcher. This synopsis was used to outline the setting and sample, data collection and procedures, data analysis, trustworthiness, protection of participants' rights, a review of the exploratory study and brief on presentation of the results. An exploratory case study is appropriate for this study where the participants provided a unique in-depth knowledge of the case. An

exploratory case study is used as a tool and involves conducting semi-structured interviews for data collection where the data are not quantifiable. The data collection process in qualitative research involves interviews administered to a sample, which allows the researcher to derive themes for further analysis (Borrego et al., 2009)

Research Design and Rationale

For this study, qualitative exploratory case study design was used to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria. As Yin (2018) observed, the choice of a qualitative study is to underscore the fact that the specific area of study has not been explored. Alam (2019) appraised case study to have the advantages of (a) the data examination most commonly focused within the field area where the functions are accomplished, (b) variations regarding the intrinsic, instrumental, and collective strategies to case studies permit the researcher to analyze the data in qualitative and quantitative ways, and (c) qualitative research assists in describing the practical life situation, along with difficulties. I recruited 10 leaders of manufacturing companies who have successfully used the various tax procedures and systems and properly filed taxes for the past 5 years in Lagos Nigeria.

Role of the Researcher

In a qualitative study, I used semistructured interview, focus group, and field notes as data collection tools (Peredaryenko & Krauss, 2013). In this study, I collected data using semistructured interviews, focus group, and field notes. Researcher brings personal bias into the study by acting as the primary instrument, however, to ensure

trustworthiness, I demonstrated professionalism in relating with the participants during data collection, I had no personal relationship with the participants with the 10 leaders in manufacturing industries that participated in the data collection process. I developed interview protocol using the conceptual framework as lens and perform field test in all the interview questions by asking experts in qualitative case study to ensure the interview questions are capable to provide answers to the research question as contained in Chapter 1.

To gain access to the participants I used the website of the corporate affairs commission to search for manufacturing industries who have been registered for the past 5 years. I also used snowballing in recruiting leaders in manufacturing companies that would meet the inclusion criteria. I send a letter of expression of interest to several manufacturing leaders within Lagos, Nigeria to express their interest to participate in the data collection process. I thereafter send a consent form when I receive a response to the letter of expression of interest. The participants to contact was determined at the point saturation was reached in the study.

Methodology

Participant Selection Logic

The inclusion criteria are (a) 10 participants from manufacturing companies; (b) evidence of properly filed taxes for the past 5 years in Lagos Nigeria, (c) operated business within 5 years and above in Lagos, Nigeria, and (d) has a zero fine from the tax authorities as a result of tax evasion. I interviewed 10 participants from a manufacturing companies in Lagos, Nigeria. The number of the final number of participants was

determined at the point of saturation. Alharbi et al. (2019) recommended eight participants in a qualitative study. Flanders (2017) recommended nine participants, while Islam et al. (2020) recommended five participants Mjørud et al. (2017) and Sibanda and Ramrathan (2017) recommended 12 participants respectively for a qualitative study. Dukes (1984) mentioned that a sample of one was theoretically sufficient, while Polkinghorne (1989) advised that three to 35 number of participants is sufficient in qualitative studies.

I used a purposive sampling method and snowballing sampling as selection strategy. Purposive sampling is a nonprobability sampling technique that is not representative of the sample but designed for a specific population with information on a specific research topic (Gentles et al., 2015). Researchers must ensure the sample aligns with the research questions under investigation. Upon receiving the feedback from a prospective participant using the Corporate Affairs Commission website to search, I sent email to reach the potential participant and explain my purpose of the study further. I discussed the data collection process and requested that participant suggest time and date for the data collection. I ensured that the consent of each participant was received prior to data collection after the IRB approval permitting data collection.

Instrumentation

I used semistructured interview, focus group, and field note as data collection instrument for this study. The three proposed data collection tools in the study are semistructured Zoom interviews, field note and a focus group. I used open-ended questions in collecting data from the participants in semistructured Zoom interviews,

which may allow the participants to provide answers based on their previous knowledge, education, and experience relative to drivers of Tax evasion by manufacturing industries in Lagos, Nigeria, which has led to tax underpayment, causing sanctions on manufacturing companies that fail to file tax returns to the appropriate government authorities. Open-ended questions are important in data collection as participants were not limited to simple *yes* or *no* responses, and the semistructured Zoom interview process allow in asking the approved questions as contained in the interview protocol without any interruption. I took notes of the key words that emerged in the course of the interview. These key words were further compared with other interview responses to identify a possible code and themes. I reviewed scan documents such as tax compliance for the past 5 years, business location in Lagos, Nigeria, and also verify from FIRS if the manufacturing company had been penalized for tax evasion in the last 5 years.

Semistructured interview. Semistructured Zoom interviews may be of advantage in the sense that (a) the actual thoughts of the leaders of manufacturing company may constitute data, (b) potential to have robust study in terms of volume of research, (c) the certainty that a person is voluntarily providing knowledge through answering interview questions, and (d) an interviewer can capture an interviewee's nonverbal cues during interview sessions (Yin, 2018). I invited participants for interview to explore how leaders in the manufacturing industries could understand the causes of tax evasion which may lead to tax inadequate payment as at when due in Lagos, Nigeria. This is possible because the participants have consistently pay their tax on time as at when due. I collected data with the aim of answering the central research question. The

interview questions consisted of eight questions (Appendix A). I used Zoom for the interview using a digital device. The interview was schedule through email address after making contact with potential participant. The interview duration lasted between 50-60min. Transcription took place after each interview is conducted to ensure that the details are captured immediately.

Focus group interview. A focus group interview can be used in gaining discussion among a panel of experts on the subject matter of the researcher. In this study, I used focus group questions (Appendix H & I) as discussion tool in data collection process among 10 leaders in the manufacturing companies; one leader representing a company, who have successfully used the various tax procedures and systems and properly pay taxes for the past 5 years in Lagos Nigeria. All the focus group participants were the same as those in the semistructured interview. The participants in this focus group responded to the different question and share their thoughts, debates, agreement, and disagreements. The focus group questions were also validated be case study experts through the field test. I used time efficiently to manage time allotted to each participant in the focus group to ensure that all participants perception was received. The purpose of the focus group was to triangulate the data collection process, comparing the responses with semistructured interview and field notes. In the focus group interview questions (Appendix H & I), I used the conceptual framework as guild in developing the questions.

Field notes. Using field notes as instrument is essential in a qualitative exploratory case study because the researcher will be able to capture data as expressed through nonverbal cues. I took notes on the subjects that are significant in supporting the

semistructured interview data and focus group. The field notes are used to support the interview responses from participant's interviews.

Field test. Anseel et al. (2015) suggested that researcher conduct field test where experts of the research design validate the list of question before they are used for data collection purpose. Anseel et al. (2015) explained that expert validation is a method of obtaining feedback from experts in research design. Using the faculty available at Walden University, I identified experts in qualitative case study and send the initial interview questions from six to eight experts on a case study and request them to review the quality and the alignment of the interview questions and share their expert opinion as to whether they believed the questions are capable of generating data that would answer the research question. I also sent to each of the experts, the specific problem in the problem statement section, the purpose statement, the research question and the conceptual framework along the interview questions. I used the first three of the six to eight experts I receive their feedback to modify the research question. The comments from the first three experts were helpful in revising the interview question. The interview protocol contained the list of approved interview questions. The conceptual framework served as lens in the design of the interview questions. The group of experts acted as expert panel to confirm the validity of my research instrument.

Procedures for Recruitment, Participation, and Data Collection

The point of data saturation was used to determine ultimate number of participants for this study. Reaching data saturation have a significant impact on the quality and content validity of the research study (Fusch & Ness, 2015). The

disadvantages of using semistructured interviews includes (a) possibility of meeting with a participant at a time the participants is unhappy or unprepared for interview or conversation, (b) participants providing irrelevant responses that may not be useful for the study, (c) possibility of collecting more verbiage or less verbiage than might be appropriate for the study, and (d) possibility of misconstruing meanings, especially in situations where the participant do not concentrate during the interview process (Radley & Chamberlain, 2012). The data collection process lasted for three to five weeks after obtaining the IRB approval to collect data. The data were recorded through an audio recorder from the Zoom. After transcribing, I used member checking to follow up with the participants to validate the data collection process. The process of data collection will involve:

- Identification of possible participants
- Contacted prospective study participants via email or telephone
- Send informed consent to prospective study participants
- Ensured the participants will sign an informed consent
- Conducted interviews through Zoom
- Recorded the interview
- Transcribed data as audio recorded
- Produced the transcript of the interview
- Made adjustments to the interview transcripts after member checking
- Commenced coding and category manually
- Used Nvivo to organize the data

- Identified themes
- Provided a final copy of the study to each study participants

Participants were requested to read the transcribed documents to ensure accuracy in recording participants' responses.

I used member checking to ensure I capture the meaning of participants' responses to the interview questions. Member checking is a process by which participants review and interpret their respective interview transcripts to validate their answers provided in the interview and to ensure that I had captured the meaning of what was said and that no new data were required (Fusch & Ness, 2015) with the 10 participants to be interviewed over a period of three to five weeks. I interviewed five participants each week and transcribe the audio recorded interview. To achieve professionalism during the data collection process, I employed techniques such as thermalizing, designing, interviewing, transcribing, analyzing, verifying, and reporting.

Data Analysis Plan

To answer the research question, I used a process of transcription, coding, and analysis of participant responses to align responses to each element of the research question. Data analysis, the identification of units of meaning, is the process by which researchers identify recurrent themes in data collected from participants that help them respond to the research question (van Manen, 1990). The focus of data analysis in exploratory studies is in the holistic appreciation of the phenomenon understudy informed by participants in-depth understanding of the case (Ricoeur, 1981).

The thematic codes were developed within the transcript and across transcripts applied the next stage of interpretation. Interpretation is a process that helps the researcher to build an in-depth understanding of the case under study based on the interviewees' practical understanding of the case with that of the researcher based on personal and theoretical understanding (Ricoeur, 1981). The reduction of themes happens at the level of interpretation where specific ideas forming immature understanding integrate in a coherent manner to become explanatory ideas that help formulate deeper understanding (Bazeley, 2009; Ricoeur, 1981). The back and forth movement in allocating a code allows new understanding to develop as the researcher looks at data more in-depth and uses the new learning from the coding and theming process to create a holistic understanding (Tan et al., 2009).

Data organization tools such as NVivo is useful for organizing the data collected from the semistructured interview, focus group and field notes (Miles & Huberman, 1994). Fakis et al. (2014) explained that a case study analysis has a set routine procedure for identifying and relating themes and meanings to the research question. NVivo Version 10 is the software that was used to organize the data. Richardson et al., (2015) suggested that NVivo 10 software program could be used for coding, categorizing, and managing unstructured data. Management of discrepant and contradictory cases include a review of the audiotapes and interview transcripts at the point of contention, to ensure no errors of analysis or prejudice occurred (Tan et al., 2009). To clarify any issues still outstanding, I used e-mail to the concerned participant requesting a member checking of the transcript and the themes arising from the interview. Member checking is a strategy

that helps qualitative researchers to enhance the credibility of their studies as the study's participants review the transcripts and findings to confirm accuracy in data analysis (Lincoln & Guba, 1985).

Data analysis was performed on the data collected from semistructured interviews, focus group and field notes. Yin (2018) recommended a series of steps for conducting qualitative research as follows: (a) data compilation, (b) data disassembly, (c) data reassembly, (d) data interpretation, and (e) data conclusion and meaning derived. After transcribing all of the audio-recorded semistructured interviews, focus group, and field notes and complete member checking, the next step was to upload the textual transcript into NVivo software from Microsoft Word to organize the data into groups and themes. A theme is an essential supporter of the research question in the data set (Braun & Clarke, 2006), and they provide a Step-by-Step guide to analyzing the data:

Phase 1: Familiarizing Myself with the Data

While collecting the data, I began to identify potential themes. Still, I immersed myself in the data before drawing any conclusions so that I could become very familiar with the collected data (Braun & Clarke, 2006). Immersion involves reading the data while searching for patterns, trends, and contextual meaning. The data should be read entirely at least once before beginning to code, as ideas may change, or new ideas evolve each time the data is read.

Phase 2: Generating Initial Codes

After I was familiar with the data collected, I began to create the initial round of codes. These codes were then broken down into a broader group referred to as themes.

Coding was done through NVivo and then identifying patterns for potential themes within the data set. Braun and Clarke (2006) recommend at this stage to create as many codes as relevant.

Phase 3: Searching for Themes

Once I established a reasonably long list of codes, they were analyzed and then sorted into categories and subcategories and ultimately extract into themes. Some codes maybe come full themes while others only become sub-themes or even refined or discarded as relative themes (Braun & Clarke, 2006). list of themes, you begin to refine them.

Phase 4: Reviewing Themes

Once I developed a potential list of themes, I then review them to see which ones can stand alone, which ones could be combined, and which ones might be discarded because there is not enough data to support that theme. I might have a theme that needs to be broken down into two or more themes. Braun and Clarke (2006) suggest two levels of review: one level involves reviewing coded data extracts to see if they form a coherent pattern individually. Level two consists of considering the themes with the data set to make sure no themes are missed.

Phase 5: Defining and Naming Themes

At this point, further definition and refinement of the themes take place. A detailed analysis is written to include how the various theme captures the data and the relationship to the research questions. All themes should be clearly defined by the end of this phase (Braun & Clarke, 2006).

Phase 6: Producing the Report

All themes are analyzed and defined, and now the final report should be written as such to convince your reader the merit and validity of your analysis; it should be concise, coherent, and logical (Braun & Clarke, 2006). The study should go beyond just talking about your data but argue in support of the research questions.

Issues of Trustworthiness

The subjective nature of qualitative studies brings about issues of trustworthiness. Trustworthiness is the level of confidence given by the naturalist researcher's methods to enhance credibility, transferability, dependability, and confirmability to a study (Lincoln & Guba, 1985). To attain trustworthiness, researchers at every phase of a study from the preparatory stages to the data analysis and reporting stage have to abide by high ethical standards and demonstrate methodological rigor (Lincoln & Guba, 1985).

Trustworthiness or rigor of a study refers to the degree of confidence in data, interpretation, and methods used to ensure the quality of a study (Armour et al., 2009).

Credibility

Credibility is the accurate interpretation of research findings (Gaus, 2017). To enhance accuracy in this study, I ensured proper adherence to the theoretical foundations of the study, recruiting the participants using the inclusion criteria and informed consent, selected participants different from each other for uniqueness, triangulating data for informed interpretation, and member checking to evaluate accuracy (Abdalla et al., 2018). The strategies for credibility also informed the management of discrepancies and contradictions as the back and forth assessment of data along the use of multiple sources

of data to resolve issues arising while member checks assisted the researcher with resolution mechanisms (Armour et al., 2009; Lincoln & Guba, 1985; Tan et al., 2009). To enhance credibility for this study, I ensured data saturation during data collection and data analysis to ascertain exhaustion of ideas and use reflexivity to capture thoughts and changing attitudes throughout the study.

Transferability

Transferability is the extent to which research findings are generalizable and is the equivalent of external validity in quantitative research (Gaus, 2017). To invite judgment from readers, concern about drivers of tax compliance, I will ensure the study uses detailed and robust descriptions, pertinent recruitment, and data collection procedures that should convince readers of the study's rigor and in turn, its meanings (Gaus, 2017). Generalization is not a focus of qualitative studies as different researchers may come up with different conclusions in similar studies (Lincoln & Guba, 1985). However, a key strength in scientific studies is being able to transcend academic value to provide practical value as stated in the Walden University's mission statement. Transferability then becomes a hallmark of trustworthiness and value. Transferability is left for the qualitative user to determine.

Dependability

To implement dependability, I carried out an expert validation to check the fitness of the study methodology on participants' recruitment. I identified three to nine experts in qualitative case study who will validate if the interview questions are capable of answering the research question as contained in Chapter One. I will use field notes and

good quality audio to record the interviews or Zoom and sent to the participants for validation in line with the research design and methodology. The use of the case study helps to guarantee triangulation of data in a bid to build in dependability. I maintained an audit trail to present the systematic process of the research findings and data analysis process. The study could be replicated with similar participants in similar conditions by following the interview protocols, the field notes, and the audit trail that I will record. I would store the data collected from interviews for 5 years before destroying it to ensure a proper audit trail and record keeping.

Confirmability

To implement confirmability, I affirmed the study's credibility, dependability, and transferability. I aligned the findings with the conclusions and interpretation to avoid personal bias into the study. I used member checking to ensure the reliability and validity of data by interpreting the transcript of the 10 participants and receive feedback that will validate the data collection process. Each theme identified will be supported by quotes or description from participants. The convergence of insides; similar thoughts from a collection of participants may reveal the consistency of the data. I used reflexivity through a journal during the data collection and analysis process to ensure I am self-aware of the issues that may affect my interpretation and reported only what was derived directly from the triangulation process through the hermeneutic arc for rigor.

Ethical Procedures

Research ethics involve standards of conducts that govern scientific and other researchers such as individuals, groups or institutions (Drake, 2014). Research ethics are

meant to ensure confidentiality, honesty, integrity, and safeguards antitrust behaviors that could elicit litigations and other liabilities that could encumbrance publications of research outcomes (Drake, 2014). The major issues in research ethics include informed consent, beneficence, and respect for individuals, confidentiality, and privacy (Thorpe, 2014). These ethic issues would be adhered professionally during the study in manners discussed subsequently.

Informed consent. Informed consent is a means to ensuring the protection of participants' right to autonomy during research. Therefore, the researcher would appraise prospective participants of their right to voluntary participation and the liberty to withdraw at any point from the study without repercussion (Seidman, 2013). However, withdrawing participant(s) would be debriefed on the need to keep the confidentiality of information they gathered during the research and would be reassured information provided by the participants would be kept confidential in a secured storage until the information are destroyed after five years. Participants would be informed about the purpose of the study, research procedures, likely outcomes and accruable benefits (Ritchie et al., 2013; Thorpe, 2014). Participants would also be informed about the constituents of the research party and expectations from members regarding regular debriefs, member-checking, journaling as well as time allocated for research procedures (Thorpe, 2014). Member checking in the study would be employed in two levels which includes sending back transcript to respective participants for review as well as availing participants the summary of the research findings for accuracy and honesty checks (Thorpe, 2014). The research team members would also be urged to keep a reflective

journaling on field work during the study to test assumptions and goals that would be shared during debriefs (Thorpe, 2014). The researcher would hand the participants the Walden University consent form and would ensure the study does not commence until the approval of Institutional Review Board (IRB) is obtained.

Beneficent. Beneficent is the professional principle that researchers should demonstrate rounded responsibility in ensuring the outcome of research provides welfare of human constituents (Shawn & Resnick, 2015). This supposes procedures, evidence provided by informants, and outcome of research should not be unfriendly to the welfare of any member of the research party in short or in the long run (Seidman, 2013). Although a researcher may not appreciate repercussions of evidence given by participants in a research space immediately, it is advisable that research party members are promptly protected when such threats are raised (Shawn & Resnick, 2015). Consequently, the researcher would organize regular debriefs during study to address issues of participant's withdrawal and threats to any research team member (Killawi et al., 2015). The researcher would continually review likely risks or harm that could affect participants or any research team member with the view to addressing them timely (Killawi et al., 2015).

Anonymity, confidentiality, and privacy. Anonymity and confidentiality involve the right of non-attribution of evidence to participants while confidentiality is respect for participants' dignity and fidelity (Seidman, 2013). Privacy in research is however the confidentiality afforded participants in the study (Ritchie et al., 2013). Confidentiality conflates anonymity and privacy, implicitly, a good profile of confidentiality in a research would provide privacy of the participants as well as allows

the researcher protect the identities used to provide anonymity to a participant who requests non-attribution of responses (Coffelt, 2017). The researcher will therefore build a rounded confidentiality profile in this study to ensure participants privacy and confidentiality as well as ensuring the identities used to conceal anonymous participants are not inadvertently revealed (Killawi et al., 2015).

The researcher would ensure the anonymity, privacy, and confidentiality, of participants by emplacing a confidential profile for secured data handling as well as securing data storages to be used in the study (Coffelt, 2017; Ritchie et al., 2013). The confidential profile will cover data processing and transmission during data collection, data organization, and analysis (Seidman, 2013). The confidential profile entails securing the research data as well as the storages that contain them. In this wise, the researcher will ensure only a trusted and trained research team member would be assigned to handle and keep custody of research data during the study (Ritchie et al., 2013). The computer systems to be used for the study would be *pass worded* with short period screen locks, good firewalls, and antivirus software to safeguard data fishing by third party (Ritchie et al., 2013). The researcher will inform participants that data collected would be kept in well organized and secured electronics storages until the documents are officially due for destruction five years after the research is published (Drake, 2014).

After 5 years of research publication, the researcher will destroy the research data by destroying the physical data storages and cleaning up of soft copies of the research data (Coffelt, 2017). The researcher will shred filed hard copies, compact disks, and flash memory storages contain the research data. This will be followed by the deletion of the

electronic copies of research data by cleaning the data content on the hard disk and servers used during the study (Coffelt, 2017).

Summary

Methodology of research design has been discussed with respect to data collection, data analysis, interpretation, trustworthiness, and ethical issues in the study. The purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria. The semistructured Zoom interview, focus group and field notes were used for data collection while deep and rich data collection, data confirmation, and diligent interpretation will be used as measures for ensuring trustworthiness of the study.

I recruited 10 leaders in manufacturing companies in Lagos, Nigeria who have successfully used the various tax procedures and systems and properly filed taxes for the past 5 years in Lagos Nigeria. The study shall be conducted on strict adherence to exploratory case study design, trustworthiness, and keeping to the research ethics guidance of Walden University Institutional Review Board (IRB). Chapter 4 include the detailed processes of data collection, data analysis, interpretations of findings, and steps to be taken to ensure trustworthiness of the study.

Chapter 4: Results

The purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The drivers may include those manufacturing companies who deliberately fail to submit the required tax return documentation to avoid tax obligations. The central research question is: How can leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria? Chapter four contains research setting, demographics, data collection, data analysis, evidence of trustworthiness, study results and summary.

Research Setting

I interviewed 10 participants from a manufacturing companies in Lagos, Nigeria. The inclusion criteria are (a) 10 participants from manufacturing companies; (b) evidence of properly filed taxes for the past 5 years in Lagos Nigeria, (c) operated business within 5 years and above in Lagos, Nigeria, and (d) has a zero fine from the tax authorities as a result of tax evasion. To gain access to the participants I used the website of the corporate affairs commission to search for manufacturing industries who have been registered for the past 5 years. I also used snowballing in recruiting leaders in manufacturing companies that would meet the inclusion criteria. I sent letter of expression of interest to several manufacturing leaders within Lagos, Nigeria to express their interest to participate in the data collection process. I thereafter sent consent form when I receive a response to the letter of expression of interest. The participants to contact was determined when

saturation was reached in the study. I collected data using semistructured interview, focus group interview, and field notes. I also engaged experts who helped in validating the interview questions to make sure they interview questions are capable of generating responses that will answer the research questions. The semistructured interviews took place between 10th to 24th of February 2022. Seven of the participants were interview on weekdays while the rest three participants opted for weekends. The focus group interview took place on the 19th of February 2022 virtually. All the interviews happened in the early hours from 9am to 11am.

Demographics

I interviewed 10 participants in the manufacturing industry in Lagos Nigeria who showed evidences of tax filing with the FIRS, and who have operated their business beyond 5 years, and who have had no sanctions from the FIRS. Over 15 participants were contacted, but these 10 returned consent form and indicated their willingness to participate. While the women interviewed were three in number, seven were male participants. The reason for the imbalance in gender was beyond my control. Each of the participant had Bachelor degree as their minimum qualification and they are all head of department in the finance department of their organization. Details are showed on table 1.

Table 1

Demographics of Participants for Semistructured Interview and Focus Group Interviews

Participants #	Gender	Education Qualification	Job Title	Years of Experience
PP1	Male	BSc	Financial controller	Seven years
PP2	Male	BSc	Financial controller	11 years
PP3	Female	Masters	Account head	12 years
PP4	Female	Masters	Account head	10 years
PP5	Male	Masters	Financial controller	15 years
PP6	Male	BSc	Chief financial officer	18 years
PP7	Male	BSc	Account head	14 years
PP8	Female	BSc	Account head	15 years
PP9	Male	BSc	Financial controller	14 years
PP10	Male	BSc	Cost controller	12 years

Data Collection

After receiving the IRB approval (01-31-22-0756718), the process of data collection involved:

- Identification of possible participants
- Contact prospective study participants via email or telephone
- Send informed consent to prospective study participants
- Ensure the participants will sign an informed consent
- Conduct interviews through Zoom
- Record the interview
- Transcribe data as audio recorded
- Produce the transcript of the interview

- Make adjustments to the interview transcripts after member checking
- Commence coding and category manually
- Use Nvivo to organize the data
- Identify themes
- Provide a final copy of the study to each study participants
- Recap the research question, interview questions, types of data collection

tools, and analysis (Table 2).

Table 2

Summary of Data Collection for Semistructured Interview

Research Question	Interview Questions	Types of Data Collection Tools	Analysis
How can leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria?	<p>What personality trait do you think influence your behavior on tax compliance?</p> <p>What specific attitude in your opinion influenced your decision to pay your tax promptly?</p> <p>How can you describe the relevance of technology in tax compliance in your organization?</p> <p>How can you</p>	<p>Semistructured interview</p> <p>Focus group interview</p> <p>Field notes</p>	<p>(a) data compilation, (b) data disassembly, (c) data reassembly, (d) data interpretation, and (e) data conclusion and meaning derived</p>

describe how technology early acceptance has aided your decision to comply with tax payment?

How will you describe resistance to change in technology causes delay to payment of tax as a leader in the manufacturing company?

What strategy do you put in place to ensure tax compliance in your organization to avoid sanctions from government authorities?

What other details do you have to share on tax compliance and tax evasion as it affects your business?

Table 3

Summary of Data Collection Using Focus Group

Research Question	Focus Group Questions	Types of Data Collection Tools	Analysis
How can leaders in the manufacturing companies understand the drivers of tax evasion, which may	If you could identify drivers of Tax Evasion in the Manufacturing Sector, what would that be?	Semistructured interview Focus group interview Field notes	(a) data compilation, (b) data disassembly, (c) data reassembly, (d) data interpretation, and (e) data

prevent sanctions
from tax authorities
in Lagos State,
Nigeria?

conclusion and
meaning derived

When you think of
tax evasion, what is
the first thing that
comes to mind?

What are the biggest
problems with tax
evasion?

What has your
organization
implemented to help
overcome tax
evasion?

What has your
organization not
been willing to try
that you believe
would have a
positive impact on
this issue?

How does your
community support
or hinder your
efforts to help in the
challenges of tax
evasion?

What is your
organization support
system like?

How is the support
system helpful?

How is the support
system not helpful
or negatively impact

the tax compliance
process?

What aspects of tax
compliance are
leaders unwilling to
participate in?
Why?

Data Analysis

To answer the research question, I used a process of transcription, coding, and analysis of participant responses to align responses to each element of the research question. Data analysis, the identification of units of meaning, is the process by which researchers identify recurrent themes in data collected from participants that help them respond to the research question (van Manen, 1990). The focus of data analysis in exploratory studies is in the holistic appreciation of the phenomenon under study informed by participants in-depth understanding of the case (Ricoeur, 1981).

The thematic codes were developed within the transcript and across transcripts apply in the next stage of interpretation. Interpretation is a process that helps the researcher to build an in-depth understanding of the case under study based on the interviewees' practical understanding of the case with that of the researcher based on personal and theoretical understanding (Ricoeur, 1981). The reduction of themes happens at the level of interpretation where specific ideas forming immature understanding integrate in a coherent manner to become explanatory ideas that help formulate deeper understanding (Bazeley, 2009; Ricoeur, 1981). The back and forth movement in allocating a code allows new understanding to develop as the researcher looks at data

more in-depth and uses the new learning from the coding and theming process to create a holistic understanding (Tan et al., 2009).

Data organization tools such as NVivo is useful for organizing the data collected from the semistructured interview, focus group and field notes (Miles & Huberman, 1994). Fakis et al. (2014) explained that a case study analysis has a set routine procedure for identifying and relating themes and meanings to the research question. NVivo Version 10 is the software that was used to organize the data. Richardson et al., (2015) suggested that NVivo 10 software program could be used for coding, categorizing, and managing unstructured data. Management of discrepant and contradictory cases will include a review of the audiotapes and interview transcripts at the point of contention, to ensure no errors of analysis or prejudice occurred (Tan et al., 2009). To clarify any issues still outstanding, I used e-mail to the concerned participant requesting a member checking of the transcript and the themes arising from the interview. Member checking is a strategy that helps qualitative researchers to enhance the credibility of their studies as the study's participants review the transcripts and findings to confirm accuracy in data analysis (Lincoln & Guba, 1985).

Data analysis was performed on the data collected from semi-structured interviews, focus group and field notes. Yin (2018) recommended a series of steps for conducting qualitative research as follows: (a) data compilation, (b) data disassembly, (c) data reassembly, (d) data interpretation, and (e) data conclusion and meaning derived. After transcribing all of the audio-recorded semi-structured interviews, focus group, and field notes and complete member checking, the next step will be to upload the textual

transcript into NVivo software from Microsoft Word to organize the data into groups and themes.

Evidence of Trustworthiness

Credibility

Credibility is the accurate interpretation of research findings (Gaus, 2017). To enhance accuracy in this study, I ensured proper adherence to the theoretical foundations of the study, recruiting the participants using the inclusion criteria and informed consent, selected participants different from each other for uniqueness, triangulating data for informed interpretation, and member checking to evaluate accuracy (Abdalla et al., 2018). The strategies for credibility also informed the management of discrepancies and contradictions as the back and forth assessment of data along the use of multiple sources of data to resolve issues arising while member checks assisted the researcher with resolution mechanisms (Armour et al., 2009; Lincoln & Guba, 1985; Tan et al., 2009). To enhance credibility for this study, I ensured data saturation during data collection and data analysis to ascertain exhaustion of ideas and use reflexivity to capture thoughts and changing attitudes throughout the study.

Transferability

Transferability is the extent to which research findings are generalizable and is the equivalent of external validity in quantitative research (Gaus, 2017). To invite judgment from readers, concern about drivers of tax compliance, I ensured the study uses detailed and robust descriptions, pertinent recruitment, and data collection procedures that should convince readers of the study's rigor and in turn, its meanings (Gaus, 2017).

Generalization is not a focus of qualitative studies as different researchers may come up with different conclusions in similar studies (Lincoln & Guba, 1985). However, a key strength in scientific studies is being able to transcend academic value to provide practical value as stated in the Walden University's mission statement. Transferability then becomes a hallmark of trustworthiness and value. Transferability is left for the qualitative user to determine.

Dependability

To implement dependability, I carried out an expert validation to check the fitness of the study methodology on participants' recruitment. I identified three to nine experts in qualitative case study who will validate if the interview questions are capable of answering the research question as contained in Chapter One. I used field notes and good quality audio to record the interviews or Zoom and sent to the participants for validation in line with the research design and methodology. The use of the case study helps to guarantee triangulation of data in a bid to build in dependability. I maintained an audit trail to present the systematic process of the research findings and data analysis process. The study could be replicated with similar participants in similar conditions by following the interview protocols, the field notes, and the audit trail that were recorded. I would store the data collected from interviews for 5 years before destroying it to ensure a proper audit trail and record keeping.

Confirmability

To implement confirmability, I affirmed the study's credibility, dependability, and transferability. I aligned the findings with the conclusions and interpretation to avoid

personal bias into the study. I used member checking to ensure the reliability and validity of data by interpreting the transcript of the 10 participants and receive feedback that may validate the data collection process. Each theme identified will be supported by quotes or description from participants. The convergence of insides; similar thoughts from a collection of participants may reveal the consistency of the data. I used reflexivity through a journal during the data collection and analysis process to ensure I am self-aware of the issues that may affect my interpretation and reported only what was derived directly from the triangulation process through the hermeneutic arc for rigor.

Study Results

Table 4

Data Analysis: Codes and Emerging Themes from the Semistructured Interview Process

Codes	Themes	Number of Occurrences	Percentage of Occurrences
Top management handling tax matters must be adequately trained on tax planning	Effective Tax Planning at Top Management Level	10	100%
There should be accountability matrix and financial recording to capture all the activities of the manufacturing industry	Implementation of Tax Accountability through Financial Records	9	90%
A tax expert who is grounded in financial accounting should be the one handling tax matters	Engaging Qualified Accountant to handle Tax Matters	10	100%
The culture to pay tax must be taught in all organization	Embracing Cultural Accountability to Prompt Payment of	8	80%

<p>because such culture differs in Igbo, Yoruba and Hausa</p> <p>When the sanctions are were defined to the organization by management, there is tendencies to pay tax and also train successors to pay tax so as to avoid sanctions</p>	<p>Tax</p> <p>Knowledge of Tax Sanctions and Succession Planning</p>	<p>8</p>	<p>80%</p>
<p>Using an adequate accounting software could help in tax calculation and accounting system. Manual calculation could lead to errors and irregularities</p>	<p>Adopting Effective Accounting Software for Tax Purpose</p>	<p>9</p>	<p>90%</p>
<p>Citizens should be patriotic to their country; knowing that government need the tax to develop infrastructures. Tax education must be promoted</p>	<p>Adequate Tax Education & Patriotism</p>	<p>10</p>	<p>100%</p>

Results from Semistructured Interview

RQ: How can leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in manufacturing companies in Lagos State, Nigeria?

The seven themes that emerged from the semistructured interview are effective tax planning at top management level, implementation of tax accountability through financial records, engaging qualified accountants to handle tax matters, embracing

cultural accountability to prompt payment of tax, knowledge of tax sanctions and succession planning, adopting effective accounting software system for tax purpose, and adequate tax education and patriotism.

Theme 1: Effective Tax Planning at Top Management Level

The first theme that emerged from the analyzed data from the semistructured interview was effective tax planning at strategy level. Ten respondent, representing 100% responded that effective tax planning at top management level was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 mentioned:

when manufacturing companies have a clearly defined tax payment system as documented in their strategic roadmap, the junior accounting officers will easily implement those plans as set by top management.

However, the case is different when the system is not planned from the top to bottom. In this case, everyone applies different practices to the treatment of tax payment. In our case, the system automatically calculate tax and applied same for every transaction. The ease of payment was incorporated at the planning and policy level of the organization.

PP2 and PP3 affirmed to PP1 in similar comment that top management help in shaping the tax laws, directions, and control of the rest of the organization. While PP2 mentioned that they have in their plans to remit tax directly to the government, PP3 mentioned that promoters of the company must know the knowledge of tax payment so as to incorporate tax payment into their process planning. PP4, PP5 and PP6 also responding

in similar way agreed that planning is crucial for understanding the negative effect of tax evasion and adhering to timely tax payment. PP7 stated:

Tax planning is a fundamental duty of the executive members of the company; the managing director in collaboration with the chief financial officer (CFO) must ensure a detailed plan for both cash transactions and online payment to ensure accurate remittance to the tax authorities. Some companies who had the strategies for operations, marketing, and customers' services have had going concern issues, especially when the government post a sticker at their entrance for tax evasion penalties. In some cases, some companies have been wound off as a result of large withdrawal of funds by investors or resulted to reduced patronage from clients.

Theme 2: Implementation of Tax Accountability through Financial Records

The second theme that emerged from the analyzed data from the semistructured interview was implementation of tax accountability through financial records. Nine respondent, representing 90% responded that implementation of tax accountability through financial records was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 and PP2 both mentioned in their statement that accountability using financial records could help organization comply with tax payment and avoid any sanction from the tax authorities. While PP1 stated "we record all the transactions on a hard copy notes to ensure we capture all financial transaction that took

place within the day and during the week respectively, PP2 stated “we made all staff accountable for recording all transactions and had design the excel sheet to calculate the tax implication for every transaction”. PP3 mentioned that “becoming accountable and effective is the responsibility of every staff of the organization in recording all forms of payment while maintaining a physical record to trace every financial transaction”. PP4 stated

In all meetings, one of the most emphasized policy is that of tax compliance and payment which must reflect on physical records for tax purpose and audit trail. We also set examples of cases in the past of how organizations meet their waterloo because of default in tax remittance. We are zero tolerance to tax evasion from any individual, department and as organization. In the records of the Federal Inland Revenue Service (FIRS), our company name is always published under the tax compliance companies, which has also helped our investors to maintain their investments with our company on the basis of trust

PP5 and PP6 described their emphasis of been accountable for tax remittance a policy issue which receive top priority from executive management and the investors. PP5 stated “the board of directors always ensure that the audit report include the risk enterprise framework which include tax monitoring and prompt payment”. PP7 mentioned “the accounting department double up in audit function in ensuring that every unit is accountable for tax compliance and remittance to the central system where taxes are paid from source. Tax prompt payment has also been included in the key performance

indicators (KPI) of the organization as well as the quarterly appraisal system of the organization. PP8 stated “departments receive performance award for their accountability and detailed records of all due for government as well as the local government demand notices” We ensure our staff are socially responsible, environmentally responsible and financially responsible”.

Theme 3: Engaging Qualified Accountants to handle Tax Matters

The third theme that emerged from the analyzed data from the semistructured interview was engaging qualified accountants to handle tax matters. Ten respondent, representing 100% responded that engaging qualified accountants to handle tax matters was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 stated “with the help of internal qualified accountants and the use of professional bodies in the accounting practice in Nigeria, we have been able to put in place best practices in all tax matters”. PP2 mentioned “all our accountants are chartered and they are well educated on tax matters. Most of them have worked in tax consulting organization such as the PWC, and KPMG before joining our organization. This is a top priority of the organization to have qualified accountants in handling tax matters”. PP3 mentioned, the few accountants we have employed are Chartered Institute of Accountant (ACA) and Association of Chartered Certified Accountant (ACCA), and as such deliver the best services in tax and accounting advisory”. PP4 and PP5 agreed that the use of qualified accountants has been their practices from the inception of the company. PP5 emphasized that qualified accountants act as practitioners and advisers to your financial success

despite the fact that tax payment could appear as payable income of the company. PP6, PP7, and PP8 all affirmed that the use of qualified accountant is a sure way to avoid any sanction from tax authorities because of the accountants' hand-on experiences on such tax matters. PP9 stated

Our first accountant was not so qualified when we started the company. In an attempt to presumably think we were helping the organization avoided some remittance to the tax authorities. We were almost sanctioned except the fact that we were still new in business. The tax authorities gave a guide lines which included that we hire a qualified accountant or hire a tax consultant to advise the company adequately. We heeded to their advice and hired a qualified accountant. This is one decision we took at the formative stage that has also assisted the company to have operated beyond five years.

PP9 mentioned that a qualified accountant may appear expensive, but the cost of receiving sanction as a result of using unqualified accountant who may not be grasp in tax matters could outweigh the salary of an expert. PP10 stated "from inception to date, we have always insisted and used qualified accountant to handle all accounting matters including tax management. PP10 continued "not complying to the regulation of the government which include payment of tax, could be likened to saying, government, I am not ready to support infrastructure, development, and other government project for growth and development in the country.

Theme 4: Embracing Cultural Accountability to Prompt Payment of Tax

The fourth theme that emerged from the analyzed data from the semistructured interview was embracing cultural accountability to prompt payment of tax. Eight respondent, representing 80% responded embracing cultural accountability to prompt payment of tax was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 stated

as a Yoruba entrepreneur who operate in the manufacturing space, payment of levies and tax is culturally linked; we grew up in a society where our parents have one form of payment or the other to the traditional rulers, the churches, the communities, and now to the government as tax. So it is not a difficult for us to pay tax unlike the Ibos whose cultural arrangement is not as that of the Yorubas. An Ibo entrepreneur believe that government has not perform any reason for them that warrant their tax payment. The Hausa man on the other way round is part of the ruling system and as such, a Hausa man will influence the tax system to relieve them for such payment. But when there is leadership shift from Hausa to other tribe in Nigeria, such as Yoruba or Ibos, such companies begin to have challenges

PP2, PP3 and PP4 all responded in affirmative that cultural background has a role to play in tax compliance or tax eversion. PP3 for instance stated that the Yorubas pay

from their farm proceed to their Obas at intervals as a sign of respect to the tradition. But that Hausa culture do not have similar culture.

PP2 mentioned

the Ibos are self-reliant than their counterpart Yoruba citizens; for the Ibos, they practice more of the apprentice system of business, where they work with their mentor for several years, ranging to four to five years after which they gain freedom. In the Ibos, most of the first generation leaders did not pay tax. This imitation is carried to the next generations. But for the Yoruba culture, there is centralization of power. The traditional leaders play significant roles in the peace, wellbeing and infrastructure in the locality. Therefore, the culture of the people is a critical success factors in payment of tax

PP5 mentioned that certain states in the countries whose traditional practices allow for payment of a certain percent to their leaders will easily find payment of taxes to government easy as well. PP6 and PP7 when asked to discuss their thought on how culture could shape evasion or compliance, agreed that certain cultural practices are more aligned to tax payment than others. Those culture that believe that it is a duty or obligation to remit tax will oblige to tax payment than the rest, while those culture who feels dissatisfied by the government of the day would hold on to tax payment until sanctioned. PP8 stated “culture and compliance to tax payment is factual and has become a tradition. However, the government has the duty to demonstrate more willingness to

develop every culture and change the paradigm of the Ibos for instance that they are part of the country”.

Theme 5: Knowledge of Tax Sanctions and Succession Planning

The fifth theme that emerged from the analyzed data from the semistructured interview was knowledge of tax sanctions and succession planning. Eight respondent, representing 80% responded that knowledge of tax sanctions and succession planning was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 mentioned “when I am aware of what will happen when I refuse to pay my tax, I will rather choose to experience such a sanction or avoid it”. When I experience in most times, my children or staff will have a first time experience of such. When I avoid such sanctions, my children and staff will also experience how the business experience peace of mind”. PP2 stated “the experience of those who have suffered the government sanctions in form of locking of shops for days and losing your customers to competition has taught us lessons too”. PP3 and PP4 agreed that avoiding government sanctions is a strategy to sustain the business from one generation to another generation”. PP5 mentioned “part of the knowledge I have transferred to my staff is the knowledge of tax payment and why avoiding government sanction is important for business sustainability”. PP6 and PP7 also in affirmative shared their experiences at different instance of how government carried out a massive tax payment verification. That most businesses lost their space and could not return to business as a result of the fine that were levied on them and the accrued penalties. PP8 stated “each time we hear those jingles on the radios

and television that tax payment is your obligation, we swift into action to make it a corporate obligation. Same practice has been inculcated into all the staff to do same and transfer same to the next generation.

Theme 6: Adopting Effective Accounting Software System for Tax Purpose

The six theme that emerged from the analyzed data from the semistructured interview was adopting effective accounting software system for tax purpose. Nine respondent, representing 90% responded that adopting effective accounting software system for tax purpose was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 mentioned that “payment of tax is one of the most difficult task for an organization except with the help of an effective accounting software system that deduct tax liability at source from every transactions and indicate the tax payable on monthly, annual or quarterly basis”. PP2 and PP3 mentioned that since they began to adopt the use of accounting software in their business, that tax payment has become a usual practice and in most cases, the tax audit is just a normal practice to confirm compliance, rather than showing discrepancies at the period when calculation was manually done by the accountants. PP4 stated “using accounting software help to deduct tax at source which makes life better for everyone in the organization. PP4 mentioned an instance in the past when calculation of tax was manually carried out, they use to experience wrong calculation due to accountants trying to reduce the tax liability of the company. PP5 and PP6 agreed that the use of accounting software was what increase their level of tax compliance and led to quick payment since tax was deducted at source. PP7, PP8 and

PP9, all responded in affirmative that accounting software is one technological tool that help an organization to stay focus in tax payment.

Theme 7: Adequate Tax Education & Patriotism

The seventh theme that emerged from the analyzed data from the semistructured interview was adequate tax education and patriotism. Ten respondent, representing 100% responded that adequate tax education and patriotism was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 stated

we have had to invite tax experts to our offices at regular basis to increase the commitment of tax remittance. Also, the level of patriotism to your country and state also determine how much you support the government. Here, we have the education and also patriotic to the government. The roads, train system, market supervision, electricity and other infrastructure as supplied by the government need support from the individual business. No one can build our country better than us. So, I have taught every staff to be socially and financially responsible by paying their taxes as at when due

PP2 and PP3 also agreed that provision of tax education to every organization may increase their tax knowledge and timely remittances to avoid any sanction from tax authorities. PP4 mentioned “since we had the knowledge of how tax is calculated, we have increased compliance because we no longer feel cheated or delay remittances. We pay the right figure timely and accurately and display the receipt at the open office”. PP5

stated “Patriotism is the keyword for us to be socially and environmentally responsible to all stakeholders including the community, government, customers, and staff. We have a duty to be patriotic to our country, especially in the payment of taxes to support the development that is taking place in the country. PP6 and PP7 also agreed in affirmative that patriotic business will support their country by paying their taxes on timely and regular basis. PP7 stated “paying tax is like paying salaries. When you refuse to pay salaries, your good staff will begin to consider a job change and your competitors are delighted to recruit them. So also is when you don’t pay tax, the government is not happy with the business and could come with strict sanctions that may affect the business which could make competitors delighted that their main competition is out of the market. PP8, PP9 and PP10 all agreed that tax education is crucial to tax compliance and that tax ignorance could increase tax evasion which in terms could lead to sanction from the tax authority. PP10 mentioned that the need to be patriotic can also be taught. PP10 further mentioned that patriotism is not a birthright, rather a realization that a citizen comes to in the course of living their lives.

Table 5

Data Analysis: Codes and Emerging Themes from the Focus Group Process

Codes	Themes	Number of Occurrences	Percentage of Occurrences
There should be moral to pay tax and government should introduce more rules that are easy to respect	Adopting Tax Morals and Effective Tax System	10	100%
Tax system should be fair on start-ups	Tax Fairness and Compliance cost	6	60%

and during a period such as pandemic			
The cost of debts or loan and hash business environment like Nigeria could cause tax evasion to happen.	Coping with cost of debts and tensed business environment	10	100%
The interest rate are high to access loan. Inflation rates also affect the cost of living in Nigeria	Effective handling of high Interest rate and inflation	10	100%
There is this gender imbalance which could cause imbalance competition in some businesses, which could make such gender to suffer financial losses	Escalating the gender disadvantages	10	100%
Tax ethical awareness is important because at time, it appears that the government of Nigeria re not using paid tax for the good of the citizens. But the citizens must be aware of their obligations to pay their tax to the government.	Educating start-ups on ethical tax awareness	10	100%

Results from Focus Group Interview

RQ: How can leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria?

Six themes that emerged from the focus group are adopting tax morals and effective tax collection system, tax fairness and compliance cost, coping with cost of debts and tensed business environment, effective handling of high interest rate and inflation, escalating the gender disadvantages as women leaders in business, and educating start-ups on ethical tax awareness.

Theme 8: Adopting Tax Morals and Effective Tax Collection System

The eight theme that emerged from the analyzed data from the focus group interview was adopting tax morals and effective tax collection system. All 10 members of the focus group, representing 100% agreed that adopting tax morals and effective tax collection system was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 to PP10 all discussed and agreed that adopting tax moral and effective tax collection system through technology was required to increase the level of compliance among businesses. There was no objection to this point on tax morals and effective tax collection system. While PP1, PP2 and PP3 mentioned the use of technology as the effective tax collection system, PP4 and PP5 stated that an effective tax collection system could be a reward system for those organizations that pay their taxes on a regular basis and timely basis. PP5 further mentioned that tax audit is the activities that would reveal both regular and timely basis of tax payment and that when that is ascertained, the companies in the categories of regular and timely basis of tax payment should also be rewarded, just as the companies that default are sanctioned. All the rest 10 participants opined that the government is responsible to tax compliance more than the individual

companies; that the government easy to adopt system and transparent system of calculation would make the businesses find it easy to adapt.

Theme 9: Tax Fairness and Compliance Cost

The Ninth theme that emerged from the analyzed data from the focus group interview was tax fairness and compliance cost. Six members of the focus group out of 10, representing 60% agreed that tax fairness and compliance cost was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. PP1 to PP10 discussed how tax fairness could result to increased tax compliance among businesses. They described fairness as tax payment when a business just commences operations, when the country is experiencing a difficult moment such as COVID-19 pandemic, all when there is a nation-wide riot such as #EndSARS protest of 2020 in Nigeria. All nice focus group participants also discussed how compliance could be much cheaper than evasion, in the sense that the company do not suffer any penalty for late payment or underpayment. But that organizations need to be aware of the advantages of early payment of tax.

Theme 10: Coping with Cost of Debts and Tensed Business Environment

The tenth theme that emerged from the analyzed data from the focus group interview was coping with cost of debts and tensed business environment. All 10 members of the focus group, representing 100% agreed that coping with cost of debts and tensed business environment was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. The 10 participants in the focus group, all agreed that starting a

business with debts and the ease of doing business in Nigeria are factors that could lead to tax evasion. That the government should be more sensitive when the business environment is tensed. PP4 stated that business environment are usually tensed in Nigeria during election but no one put this into consideration for businesses that fail to pay their taxes. PP7 in the course of discussion, mentioned that government authorities should also find out if a start-up is indebted to other creditors before adding more sanctions to them for failing to respect their tax liabilities.

Theme 11: Effective Handling of High Interest Rate and Inflation

The eleventh theme that emerged from the analyzed data from the focus group interview was effective handling of high interest rate and inflation. All 10 members of the focus group, representing 100% agreed that effective handling of high interest rate and inflation was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. All 10 participants discussed how interest rate and inflation could be the barriers to the payment of tax by businesses. PP2 and PP3 as they discussed mentioned that the cost of interest in loan could be a double digit which repayment could be difficult as at when tax payment is also due for the business. PP5 discussed that in fixing tax liabilities for companies, interest rate prevailing at the country and the inflation rate should be considered. Tax payment should be used to reduce the burden of interest rate and inflation.

Theme 12: Escalating the Gender Disadvantages as Women Leaders in Business

The twelfth theme that emerged from the analyzed data from the focus group interview was escalating the gender disadvantage as women leaders in business. All 10 members of the focus group, representing 100% agreed that escalating the gender disadvantages as women leaders in business was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. The 10 participants also discussed how women also suffer more sanctions as a result of their inability to stop the tax authorities from sanctions. PP2 mentioned that men counterpart could be able to stop the tax authorities from immediate sanctions by appealing and making promises, especially because most of this tax authorities are men. But in the case of a woman, gender may be a disadvantage when the woman leader is not able to negotiate their way away from sanction. The woman may be assisting their husband to operate the business and may not have the skills to engage the tax authority from locking up the businesses in the case of tax evasion. All discussant agreed that the tax law should be fair on both gender.

Theme 13: Educating Start-Ups on Ethical Tax Awareness

The thirteenth theme that emerged from the analyzed data from the focus group interview was educating start-ups on ethical tax awareness. All 10 members of the focus group, representing 100% agreed that educating start-ups on ethical tax awareness was how leaders in the manufacturing companies can understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria. The 10 discussant mentioned that it is the duty of the government to educate start-ups on tax

ethics and practices before imposing sanctions. All discussant agreed that lack of tax education in the country had contributed to tax evasion in the midst of poverty, high cost of living, scarcity of petroleum product, insufficient supply of electricity, leading to high cost of diesel consumption. The discussant mentioned that with tax education, many business owners would comply to tax payment which would create more revenues for the government to use in alleviating the current economic condition in the country. All discussant mentioned that through education of tax laws and tax uses, the government would earn the full support of tax payers to optimize tax collection which in turn would lead to infrastructural development and higher standard of living for the citizens.

Summary

Chapter four contains the themes that emerged that provided answers to the research questions. From the semistructured interview, the themes that emerge are: effective tax planning at top management level, implementation of tax accountability through financial records, engaging qualified accountants to handle tax matters, embracing cultural accountability to prompt payment of tax, knowledge of tax sanctions and succession planning, adopting affective accounting software system for tax purpose, and adequate tax education and patriotism. From the focus group, the themes that emerged are: adopting tax morals and effective tax collection system, tax fairness and compliance cost, coping with cost of debts and tensed business environment, effective handling of high interest rate and inflation, escalating the gender disadvantages as women leaders in business, and educating start-ups on ethical tax awareness. Chapter five, will

contain the discussion, conclusion, and recommendations; the interpretation of findings, limitations of the study, recommendation, implications and conclusions.

Chapter 5: Discussion, Conclusions, and Recommendations

The purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. From the semistructured interview, the themes that emerge are: effective tax planning at top management level, implementation of tax accountability through financial records, engaging qualified accountants to handle tax matters, embracing cultural accountability to prompt payment of tax, knowledge of tax sanctions and succession planning, adopting affective accounting software system for tax purpose, and adequate tax education and patriotism. From the focus group, the themes that emerged are: adopting tax morals and effective tax collection system, tax fairness and compliance cost, coping with cost of debts and tensed business environment, effective handling of high interest rate and inflation, escalating the gender disadvantages as women leaders in business, and educating start-ups on ethical tax awareness. Chapter five, will contain the discussion, conclusion, and recommendations; the interpretation of findings, limitations of the study, recommendation, implications and conclusions.

Interpretation of Findings

RQ: How can leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria?

Exposure to Effective Tax Planning at Strategy Level

The first theme resulted from analysis and interpretation of the data collection from the semistructured interviews. I found out that exposure to effective tax planning at

strategy level is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The first theme that emerged aligned with previous literature on tax planning by Folarunso and Lokanan (2022). Folarunson and Lokanan (2022) described tax planning practice to result due to a lack of awareness of the complexities of companies reporting in relation to the tax strategies that underpin bank operations.

Tax evasion is described as the willful misrepresentation, concealment, or under-disclosure of taxable income or assets in violation of current tax legislation (Folarunso & Lokanan, 2022). Tax evasion, on the other hand, refers to any action that takes advantage of loopholes in the tax regulations in order to reduce the amount of tax owed. Tax planning (avoidance) is frequently at the heart of corporate plans and complicated structures aimed at paying the least amount of taxes possible by using legal loopholes to achieve efficient tax payment and maximize profits (Folarunso & Lokanan, 2022). Su et al. (2019) evaluated that in comparison to other firms, a quickly expanding business may devote greater attention to tax planning. Larger companies typically have greater resources for effective tax planning and are better at influencing politicians to lower their tax costs (Su et al., 2019). CEOs are responsible for overseeing and deciding on tax planning and reporting, and they are fully aware of the hazards associated with tax evasion.

Implementation of Tax Accountability through Financial Records

The second theme resulted from analysis and interpretation of the data collection from the semistructured interviews. I found out that implementation of tax accountability

through financial records how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The second theme that emerged confirmed previous literature on tax accountability through financial records (Makwae, 2021). Makwae (2021) evaluated that the absence of a policy on financial records indicates a lack of accountability and awareness of financial records management standards, implying that employees are unaware of their duties for the company's records management. As a result, this is likely to play a substantial role in poor performance in form of tax evasion (Makwae, 2021). The key source of financial responsibility is a robust record management and financial system. Accountability, according to Makwae (2021), demands governments to respond to the public and justify the source and use of public resources. Accountability is critical because the public has a right to know, a right to obtain openly announced information and numbers that will allow them to debate and decide the fate of their elected officials.

Engaging Qualified Accountant to handle Tax Matters

The third theme resulted from analysis and interpretation of the data collection from the semistructured interviews. I found out that engaging qualified accountant to handle tax matters is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The third theme aligned with previous literature on the engagement of qualified accountant (Blackburn et al., 2018). Blackburn et al. (2018) appraised accountants to use a range of methods to communicate their expertise as business consultants. Some companies place a premium on hard work and attention when it comes to compliance

services (Blackburn et al., 2018). Several accountants claimed that they did not need to have extensive industry or specialized knowledge (Christensen & Rocher, 2020). Rather, they only needed to know where to look for the information they needed (Christensen & Rocher, 2020). Accountants are a distribution network, one accountant from a second-tier accounting firm said, meaning that if they don't have the necessary competence, they will locate it for the client (Christensen & Rocher, 2020).

During interviews with trainee accountants, it was discovered that their professional identities emerged during the training procedures in accounting firms, when a shared sense of belonging to a community of practices began to emerge (Tiron-Tudor & Deliu, 2021). They felt a strong sense of camaraderie as they shared their learning experiences with their colleagues and progressed toward future professional memberships and job opportunities. This form of shared experience serves as a rite of passage for many people. suggested that accountants aspire to the same societal status as attorneys and doctors, and that they are self-conscious about being seen as less distinguished occupations by the general public (Tiron-Tudor & Deliu, 2021). This conclusion suggests that accountants' comparisons of their identities to those of other professionals can cause insecurity, but there are additional factors that contribute to insecurity on a more personal level than professional rivalry (Tiron-Tudor & Deliu, 2021).

Embracing Cultural Accountability to Prompt Payment of Tax

The fourth theme resulted from analysis and interpretation of the data collection from the semistructured interviews. I found out that embracing cultural accountability to prompt payment of tax is how leaders in the manufacturing companies understand the

drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The fourth theme on embracing cultural accountability for prompt payment of tax confirmed previous literature (Otusanya & Adeyeye, 2022). Otusanya and Adeyeye (2022) analyzed the impact of ethnicity on how people meet accountability demands, offering reasons for their actions, and when we look at various groups of people's emic constructions. For instance, the British anthropologists, suggested that ethnicity is a subjective construct that determines the everyday level reaction to organizational responsibility expectations imposed by objective structures (De Lautour et al., 2021). The culture of a people shapes their value system to patriotism, payment of tax and level of corruption (De Lautour et al., 2021).

There are different viewpoints concerning corruption, and the term corruption is entangled with ideological, moral, cultural, and political perspectives, to the point of losing sight of its destructive and parasitic symbiosis with numerous polities and their residents all over the world (Otusanya & Adeyeye, 2022). Corruption is a global issue that affects many industries. From minor bribes to grand corruption, private sector insider trading to public sector theft, the term corruption encompasses a wide range of behaviors (Otusanya & Adeyeye, 2022). Attitude towards payment of tax could be influenced by the cultural ideology of a people; the government must there put in place a patriotic system that would create a new culture where payment of tax would become a new acceptable practice for the citizens (Otusanya & Adeyeye, 2022).

Knowledge of Tax Sanctions and Succession Planning

The fifth theme resulted from analysis and interpretation of the data collection from the semistructured interviews. I found out that knowledge of tax sanctions and succession planning is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The fifth theme on knowledge of tax sanction aligns with previous literature (Amponsah et al., 2019). Amponsah et al. (2019) discovered that age, the application of sanctions, guilt feelings, transportation costs to the tax office, and the rate of tax audit all indicate whether micro taxpayers will avoid tax stamps. As a result, the study revealed some evidence for expected utility, planned behavior, and attributory theories in understanding micro-taxpayer tax evasion behavior (Amponsah et al., 2019).

In contrast, the probability of a taxpayer whose store has been locked before partially dodging tax stamps increases by higher percentage points when compared to a taxpayer whose shop has never been shut before (Chiarini & Marzano, 2019). This shows that imposing punishments decreases rather than eliminates tax avoidance. Chiarini and Marzano (2019) supported their recommendation that tax authorities shift their approach to tax administration from a one-size-fits-all enforcement strategy sanctions to a mix of techniques, with sanctions used only as a last resort. Bloemen-Bekx et al. (2021) evaluated that succession plan lays out a series of tasks, clarifies them, and reduces ambiguity and disagreement to tax liabilities at the death of the founder. Bloemen-Bekx et al. (2021) used integrative model of effective family owned business succession, the

succession process should begin with the formalization of ground rules in a succession plan that will be shared and updated with time, experience, and feedback.

Adopting Effective Accounting Software for Tax Purpose

The six theme resulted from analysis and interpretation of the data collection from the semistructured interviews. I found out that adopting effective accounting software for tax purpose is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The sixth theme aligned with the previous literature. Walters et al. (2019) appraised the 1040 accounting software process to commence with the accounting company delivering a client organizer to individual tax clients. The organizer is a pre-printed form that allows businesses to collect information from clients in a methodical and efficient manner. A typical organizer includes a list of all information from the previous year's tax return, as well as prior year cash amounts, to assist clients in gathering all necessary tax information for the current year (Walters et al., 2019). To build an electronic client file on 1040 software, the organization scan taxpayer information, source papers, and completed organizers, eliminating paper while keeping client files for record retention needs. Data from client files is directly entered into tax software by an office tax preparer. The customer is notified if any information is missing or if any questions emerge. When the preparation is finished, the preparer sends the file to the assigned reviewer via paper folder or electronic workflow software (Walters et al., 2019).

Thottoli (2021) appraised that technology aids in overcoming the obstacles of the accounting profession. The benefits of replacing traditional accounting paper records

with computer-based records are numerous, particularly for SMEs. The benefits include improved accounting information generation through financial statements, as well as more reliable and accurate financial reporting and faster access to financial data (Thottli, 2021). Accounting software is a critical component of accounting information systems (AISs), providing fast, accurate, and trustworthy data. Without a question, technology has advanced to the point where no current corporate firm can function without it (Thottoli, 2021).

Adequate Tax Education & Patriotism

The seventh theme resulted from analysis and interpretation of the data collection from the semistructured interviews. I found out that adequate tax education and patriotism is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The seventh theme aligned with previous literature. Alshiral and Abdul-Jabbar (2019) described patriotism as commitment of citizens and affection for one's nation as well as a willingness to make sacrifices for the welfare of the state. The taxpayers' love for the country and desire for it to prosper is reflected in their tax payment records (Alshirah & Abdul-Jabbar, 2019). Patriotism may play a big role in all parts of life in a society, but it's especially important when it comes to tax compliance (Alshirah & Abdul-Jabbar, 2019). Governments can instill patriotism through their educational institutions. As a result, patriotism as the appropriate approach can simplify and facilitate tax collection by substituting patriotic impulses for auditing (Alshirah & Abdul-Jabbar, 2019). emphasized

the relevance of taxpayer patriotism and its link to higher tax compliance. Furthermore, patriotic taxpayers consider tax noncompliance to be unpatriotic.

The aspect of tax education and awareness among members of the local community may also be related to factors that stimulate property tax payments (Abdullah et al. (2022). The community should be well educated and informed on the importance and necessity of property taxes (Abdullah et al., 2022). The instructional technique that should be employed must be able to instill in the minds of the taxpayers a sense of comprehension, as well as a positive perception and awareness. Tax education must be performed in a multi-pronged approach to guarantee that all strata of society, including property owners, have adequate knowledge and information about the property taxes imposed on them (Abdullah et al., 2022).

Adopting Tax Morals and Effective Tax System

The eight theme resulted from analysis and interpretation of the data collection from the focus group interviews. I found out that adopting tax and affective tax system is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The eighth theme aligned with the conceptual framework. Geng and Kalargiros (2021) introduced affect which contains two parts: mood and emotion, which are distinct in terms of intensity, length, and direction. Emotions are high-intensity feelings that are triggered by specific stimuli either internal or external to the individual), demand attention, and interrupt cognitive processes and behaviors (Geng & Kalargiros, 2021). Moods are low-intensity feelings that do not interrupt ongoing activities, whereas moods are high-intensity

feelings that are triggered by specific stimuli, either internal or external to the individual, demand attention, and many ideas, including the affect infusion theory, have been proposed in the literature to explain the relationship between affect and particular behaviors (Geng & Kalargiros, 2021). Affect infusion is described as the process by which affectively loaded information exerts an influence on and becomes absorbed into the judicial process, entering the judge's reasoning and finally coloring the judge's decisions (Geng & Kalargiros, 2021).

Tax Fairness and Compliance Cost

The ninth theme resulted from analysis and interpretation of the data collection from the focus group interviews. I found out that the fairness and compliance cost is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The ninth theme aligned with previous literatures. Due to the complexity and multidimensionality of tax, compliance is of tremendous interest, as there are numerous elements that might influence how citizens react to taxation (Lois et al., 2019). Tax revenues, according to are the most important source of money for most governments, which they utilize to fund public infrastructure and services for their population (Lois et al., 2019).

For governments to provide public benefits and reallocate income, tax compliance is critical. Tax fairness in difficult times for the individuals, organizations and countries affect the tax compliance of the country. For instance, a struggling business in a volatile, uncertain, complex, and ambiguous (VUCA) business environment would require some fairness in tax calculation to remain compliant to tax payment. For instance,

Lois et al. (2019). emphasized the importance of tax compliance in Greece during a difficult and complex budgetary period. Citizens were polled on how perceptions of tax compliance, tax administration fairness, and personnel competency influence tax behavior. The study reveals that tax administrative workers' skills, as well as a tax system's perceived fairness, are essential variables in enhancing tax compliance (Lois et al., 2019). Beritelli et al. (2019) evaluated that the return on taxes, which might be viewed as an aspect influencing the economic gain from non-compliance as much as an aspect of rationalization, is arguably as much about attitude as it is about rationalization. Furthermore, the majority of peer-reviewed empirical studies of tax evasion look at how many factors influence tax compliance, each one on its own (Beritelli et al., 2019).

Coping with Cost of Debts and Tensed Business Environment

The tenth theme resulted from analysis and interpretation of the data collection from the focus group interviews. I found out that coping with cost of debts and tensed business environment is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The tenth theme aligns with previous literature. Kalash (2021) evaluated that debt service payments reduce excess free cash flow and reduce the likelihood of managers squandering company resources on low-return ventures. High debt, on the other hand, might worsen the debt agency costs that come from shareholder and debtholder tensions which can affect the compliance to tax payment (Kalash, 2021). Debt financing's tax advantages encourage businesses to use more debt in their capital

structure, because interest payments on debt are tax deductible, including debt in the capital structure lowers tax expenses (Kalash, 2021).

Effective Handling of High Interest Rate and Inflation

The eleventh theme resulted from analysis and interpretation of the data collection from the focus group interviews. I found out that effective handling of high interest rate and inflation is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The eleventh theme aligns with previous literature. The greater the extent to which tax evasion occurs in a nation, the greater that nation's government budget deficit, and over time, the greater its outstanding national debt tends (Cebula, 2020). Despite the breadth and complexity of the tax evasion literature in terms of high interest rate and inflation, no scholarly study has explored how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria.

Alsharari (2019) appraised that in any economy, interest rates, taxation, and inflation are frequently related. The rate at which the cost of goods and services rises in a country's inflationary state. A reduction in interest rates or taxes will frequently encourage more individuals to borrow more money, resulting in consumers having more money to spend and the economy growing and inflation rising (Alsharari, 2019). In order to stabilize consumption and aggregate expenditure, a growing or high inflation rate in a country would often force the government to increase the level of taxation on products and services due to their higher price (Alsharari, 2019).

Escalating the Gender Disadvantages as Women Leaders in Business

The twelfth theme resulted from analysis and interpretation of the data collection from the focus group interviews. I found out that escalating the gender disadvantages as women leaders in business is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. Theme twelfth theme aligns with previous literature. Tlaiss (2022) confirmed that successful entrepreneurs are viewed as national assets that contribute to economic progress by creating jobs, raising living standards, and creating wealth. Previous studies of success have generally focused on monetary and objective measures of success at the firm level, such as increased profitability and sales, business survival and continuity, and growth (Tlaiss, 2022). Shashri et al. (2019) identified women challenges to include lack of security, illiteracy, and social limitations which make life difficult for women. As a result, going from a stay-at-home mom to a smart businesswoman isn't easy.

Shashri et al. (2019) mentioned that tax holidays should be included to the motivations for women entrepreneurs. Intrinsic characteristics such as the desire to create, autonomy, individuality, enjoyment of difficulties, and societal contribution were recognized in the interviews as important motivators for women entrepreneurs in the state (Shashri et al., 2019). The desire to be one's own boss and the desire for increased income, recognition by society, need for achievement, the need for tax holidays due to intrinsic challenges of women entrepreneurs, and the need for adequate work–life balance, are among the main motivations of female entrepreneurs in developing countries (Shashri et al., 2019).

Educating Start-Ups on Ethical Tax Awareness

The thirteenth theme resulted from analysis and interpretation of the data collection from the focus group interviews. I found out that educating start-ups on ethical tax awareness is how leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The theme thirteenth confirm previous literatures. (Seralurin & Ermawati, 2019) emphasized that the basic principle of tax collecting is to aid state finance and national growth as an expression of citizens' obligations. All tax revenue will be used to fund all public expenses, which means that it will be used to increase people's wellbeing (Seralurin & Ermawati, 2019). Taxpayer compliance is essential to implement the self-assessment system, which is the most crucial factor the taxpayers should understand what government is spending the tax to achieve for the citizens (Seralurin & Ermawati, 2019). The goal of tax education is to reduce tax evasion by reducing the number of people who make mistakes when reporting and paying tax arrears. The publication of tax rules is expected to be a solution to prevent people from evading taxes (Seralurin & Ermawati, 2019).

Aladejebi (2018) described tax as a source of money for a country's government. Individuals and businesses are required to pay a variety of taxes to the government. Taxation is used by governments to influence the economy. Taxes are also used to redistribute income. Equality, certainty, economy, ease, and fairness are among the concepts that influence taxation. Small business entrepreneurs require tax education. There are several types of taxes. Amnesty for tax evasion might boost tax compliance

(Aladejebi, 2018). Tax compliance, particularly under the self-assessment system, necessitates tax knowledge. Aladejebi (2018) claimed that increased knowledge would result in increased tax compliance. Filing compliance, payment compliance, and reporting compliance are the three categories of tax compliance.

Limitations of the Study

During the data gathering procedure, I discovered that the information acquired was based on the participants' opinions within the inclusion criteria, which limited the study's transferability. Because the 10 respondents for the semistructured interviews were experienced, informed, and educated, and are from the manufacturing industry, data transferability may be limited in this study. The participants in the focus group discussion were also in positions of leadership in manufacturing industry. As a result, the study relied solely on the viewpoints of the leaders, leaving out the perspectives of other, more subordinate authorities. Furthermore, the study did not take into account the viewpoints of end-users in the tax offices.

In terms of dependability, there were a number of factors to consider, including the COVID-19 pandemic which restricted face-to-face interaction and replace such interviews with use of Zoom meetings for data gathering owing to the pandemic, and the difficulties of anticipating a future pandemic. During the data collection, all the participants were interviewed using. The majority of respondents and participants worked from home for the most of the week. Furthermore, the majority of them required extra effort to use the technology gadget (Zoom) that was used for the interviews and focus

group discussion. As a result, the study conditions will normalize in the future, making it difficult to replicate the experiment under the identical settings.

Recommendations

Recommendation for Further Study

The purpose of this qualitative exploratory case study was to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The first paradigm was that the study was based on qualitative methodology. A qualitative methodology is not used for studies whose findings can be generalized. In the future, I will recommend that quantitative methodology be exploited so as to compare variables such as tax compliance and gender entrepreneurships, tax compliance and other variables to have a more generalized study. An exploratory case study is one of the designs in a qualitative study. In the future, other research designs, such as phenomenology, grounded theory, ethnography, and narrative be used so as to find the level of consistency or variability in the study findings. I will also suggest that in the future, a different industry, different from manufacturing be used to find out how consistent are the different researchers.

Recommendation for Practice

Companies should use qualified accountants to handle tax matters. From the study conducted on how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. It is revealed that the use of qualified accountant

has assisted some leaders in the manufacturing industry to understand the drivers of tax evasion. It is imperative to suggest that both manufacturing companies and sole proprietors use a qualified accountant to handle their tax matters to avoid confusion in the calculations. The use of qualified accountant will also assist companies to increase compliance or engage in tax evasion as a result of the thought that the tax imposed was rather a wrong figure or not. The qualified accountant would also have the skills and knowledge to defend the individual or organization from been extorted in tax matters. This recommendation is grounded on the third theme that emerged during the data collection and analysis process.

Tax education to be included in secondary and tertiary education across board. Education has been described as the art of exposing an individual or a culture or group of individual to accessing the right information at the right time and for the right purpose. Tax illiteracy is a major gap currently in the educational curriculum in Nigeria. It is viewed either as government making it difficult for citizens to understand or that the government want to manipulate or impose figures for citizens to pay. An adequate tax education at the secondary school education will expose the teenagers to the reality of tax payment to the country while a higher education on tax will give a deep dive knowledge to most Nigerians on why tax and how tax could be calculated. The course on taxation should be made compulsory also to every student in the university at the first year at school. This recommendation is grounded on theme four, seven, and theme thirteen.

Tax calculation disclosure to reveal fairness. The figures for tax are in most cases confirmed to individual and corporate business without a simple calculation on how

those figures were derived. This inability to understand the calculation create resistance and tax evasion in most cases. Also, the non-disclosure of the calculation also fails to show the fairness to those who desire some fairness in their tax liabilities especially for a new start-up, a company that suffer a loose, for instance, fire incident. Such disclosure would help individuals to realize how government is supporting their sustainability agenda. In retrospect, tax is seen as a means of punishment or a weapon to disrupt the going concern of an organization, especially when such tax payment is coming after a significant lose in the organization. This recommendation is grounded on theme nine.

Tax disclosure on the use of tax. I will recommend that government at quarterly or monthly or at a time suitable should disclosed the total amount of tax collected from the citizens and the corresponding development, projects, or programs that have been embarked upon as a result of such tax collection. When the public trust is high, tax compliance will also be high and vice versa. Government should use the same approach of massive tax collection to embark on tax awareness and disclosure on the amount realized with recourse to effective audit system. This recommended is grounded on theme nine and 10.

Tax holidays be extended for start-ups up to three years. The suggestion here is that government should create a tax holidays sufficient for a start up to become stable and sustainable. Currently, the 18 months set outside for nonpayment of tax appear to be inadequate. The government should therefore extend tax holiday to three years for new start-up, for women entrepreneurs and for citizens who are currently operating at the bottom of the pyramid. Government introduced financial inclusion through the central

bank of Nigeria (CBN) as a means to drive diversification and inclusion in the financial sector of the country. The federal government of Nigeria should take credence in the same direction to grant more holidays for new start-ups so as to encourage industrialization and commercialization in the country.

Implications

The specific management problem addressed in this study was that some leaders in the manufacturing companies lack the understanding of the drivers of tax evasion, which led to sanctions from tax authorities in Lagos State, Nigeria. Leaders in the manufacturing companies have been confronted with challenges both from government and the environment which in some cases had led to wounding up of the companies, not because they do not have the material, financial resources, but because of lack of information on drivers of tax evasion. The study findings have the potential to create a knowledge base for current and prospective leaders in manufacturing companies as well as other companies on how tax related issues could be managed to avoid sanctions from government. In this section, I will discuss the methodological implication, the implication to practice, and the social change implications.

Methodological Implication

For investigations whose findings can be generalized, a qualitative methodology is not used. In the future, I will advocate for the use of quantitative technique to compare variables such as tax compliance and gender entrepreneurships, as well as other variables, in order to conduct a more comprehensive study. An exploratory case study is one of the qualitative research designs. Other research designs, including as phenomenology,

grounded theory, ethnography, and storytelling, will be utilized in the future to determine the degree of consistency or variability in study findings. In the future, I propose that a new industry, one unrelated to manufacturing, be utilized to determine how consistent the various researchers are. Although certain foundations have been set in qualitative research, there is currently no consensus on how to describe qualitative coding schemas (Hocker et al., 2020). As a result, a participatory approach is beneficial. When reviewing a prototype that does not yet have any data in the system, a qualitative evaluation makes sense (Hocker et al., 2020).

Implication to Practice

The result findings have the potentials to benefit companies who may have failed in their first year of business operations as a result of inability to comply with tax law. Taxation is a reliable source of funds for the government, but it is worthless if prospective and potential taxpayers fail to pay (Olaoye et al., 2018). Naturally, the taxpayer is unwilling to pay his tax liability and must be persuaded or forced to pay what is owed to them. The usage of tax audit, on the other hand, has aided in the generation of funds for the government (Olaoye et al., 2018). The study finding could expose the under researched tax evasion in the manufacturing companies which would make the manufacturing companies obtain sustainability. The study finding could reveal to leaders in the federal inland revenue service (FIRS) to understand why individuals and organization could engage in tax evasion despite revenues in business transactions. The study findings could also help the federal government to make policies to protect manufacturing companies in Nigeria from tax harassment at their early stage; a policy

capable of making Nigeria a manufacturing hub and entrepreneurial development and expansion.

Implication to Positive Social Change

The result may contribute to positive social change in the following ways (a) reduce the rate of failure for companies as a result of tax sanctions, (b) create a knowledge pool for start-ups to have an effective means of tax management, (c) create higher revenues for government, as more leaders of manufacturing are more equipped of drivers of tax evasion, (d) make more revenues available to government to create employment, and infrastructural development, (e) improved infrastructural development and increased employment opportunities resulting from increased tax revenue collection from manufacturing companies and (f) create employment in the country as well as lead to improved standard of living.

Bethencourt and Kunze (2019) mentioned that the decision to avoid taxes is influenced not only by rational cost-benefit calculations, but also by social and moral considerations, which are formed by other taxpayers' compliance. Individuals regard tax evasion as a less serious offense the more widespread they believe it is (Bethencourt & Kunze, 2019). In light of this evidence, Bethencourt and Kunze (2019) described tax morale as an internalized societal norm for tax compliance that includes not just the fines paid upon detection, but also some nonmonetary elements. In particular, the strength of the norm is considered to be dependent on an individual's degree of norm internalization and the endogenously determined share of evaders in the economy.

Individual utility is increased by using tax funds to fund a public consumption good. The economy's dynamics are determined by the aggregate savings of utility maximizing agents. Given a neoclassical technology, per capita capital rises during the transition to the steady state, lowering the rate of return and, as a result, the incentives to avoid paying taxes. In such a context, the quantity of unreported taxes may rise both when countries are growing and when the tax rate rises and people are concerned about morality (Bethencourt & Kunze, 2019).

Conclusions

The study was used to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos State, Nigeria. The study was carried out among 10 leaders from manufacturing companies who have successfully used the various tax procedures and systems and properly pay their taxes for the past 5 years in Lagos, Nigeria. The positive social change implications include (a) reduction of the rate of failure for companies as a result of tax sanctions, (b) creation of a knowledge pool for start-ups to have an effective means of tax management, (c) creation of higher revenues for government, as more leaders of manufacturing are more equipped of drivers of tax evasion, (d) making more revenues available to government to create employment, and infrastructural development, (e) improved infrastructural development and increased employment opportunities resulting from increased tax revenue collection from manufacturing companies and (f) creation of employment in the country as well as lead to improved standard of living. The recommendations for this study include (a) companies

to use qualified accountants to handle tax matters, (b) tax education to be included in secondary and tertiary education across board, (c) tax calculation disclosure to reveal fairness, (d) tax disclosure on the use of tax revenues, and (e) tax holidays to be extended for start-ups up to three years. The goal of tax authorities should include maximization of tax revenues for the government as well as the sustainability of the business of the tax payers.

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Appendix A: Interview protocol

Research Questions

The central research question is: How can leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria?

Interview Question:

1. What personality trait do you think influence your behavior on tax compliance?
2. What specific attitude in your opinion influenced your decision to pay your tax promptly?
3. How can you describe the relevance of technology in tax compliance in your organization?
4. How can you describe how technology early acceptance has aided your decision to comply with tax payment?
5. How will you describe resistance to change in technology causes delay to payment of tax as a leader in the manufacturing company?
6. What strategy do you put in place to ensure tax compliance in your organization to avoid sanctions from government authorities?
7. What other details do you have to share on tax compliance and tax evasion as it affects your business?

Appendix B: Expression of Interest Letter

Doctoral Research Study

My name is Ogunshola Idowu Bello and I am a doctoral student at Walden University. My field of focus is in Management with a specialty in Leadership & Organizational change. The research is supervised by Dr. Dool of the faculty of Management and Decision Making. You have been identified along with 10 leaders in manufacturing companies in Lagos Nigeria to participate in this research study with topic: Exploring the Drivers of Tax Evasion in the Manufacturing Sector: Lagos, Nigeria. The remainder of this letter will provide information so that you can make an informed decision concerning participation.

What is the research about?

The purpose of this qualitative exploratory case study is to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria

Confirmation of participation

By replying to this letter using the phrase “(your name here) am interested in participating in this research”, you are agreeing that you have read this information. You are also saying that you understand the consent form will be sent to you.

I am happy to respond to any questions or concerns you have about the research. I can be reached at

Sincerely,

Ogunshola Idowu Bello
Walden University
Doctoral Candidate

Appendix C: Consent Form

You are invited to take part in a research study about exploring the Drivers of Tax Evasion in the Manufacturing Sector: Lagos, Nigeria. I will recruit 10 leaders in manufacturing companies in Nigeria who have successfully used the various tax procedures and systems and properly filed taxes for the past 5 years in Lagos Nigeria. This form is part of a process called “informed consent” to allow you to understand this study before deciding whether to take part. This study is being conducted by a researcher named Ogunshola Idowu Bello who is a Doctoral student of Walden University.

Background Information:

The purpose of this qualitative exploratory case study is to explore how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria

Procedures:

If you agree to be in this study, you will be asked to:

- Participate in a Zoom interview that will last for 45 minutes to one hour for data collection depending on your preference.
- Participate in member checking; where individuals that participated in the Zoom interview will have the opportunity to go through the transcript of the recorded interview to be sure what was transcribed agrees with the interview.
- The member checking exercise will last for 45 minutes to one hour.
- That the interview will be audio recorded.

Here are some sample questions:

1. 1) What personality trait do you think influence your behavior on tax compliance?
2. What specific attitude in your opinion influenced your decision to pay your tax promptly?
3. How can you describe the relevance of technology in tax compliance in your organization?
4. How can you describe how technology early acceptance has aided your decision to comply with tax payment?

Voluntary Nature of the Study:

This study is voluntary. You are free to accept or turn down the invitation. No one will treat you differently if you decide not to be in the study. If you decide to be in the study now, you can still change your mind later. You may stop at any time.

Risks and Benefits of Being in the Study:

Being in this type of study involves some risk of the minor discomforts that can be encountered in daily life, such as fatigue, stress or becoming upset. Being in this study would not pose risk to your safety or wellbeing.

The benefit to the larger community will be the creation of awareness of the operational strategies that will enable would-be small business owners successfully operate their business beyond five years, thereby contributing to employment and increased standard of living for the citizens.

Payment:

There is no form of payment or reimbursement attached to participation. In order to protect participants from financial conflicts of interest or perceived conflicts of interest, IRB requires that such potential conflicts be disclosed.

Privacy:

Reports coming out of this study will not share the identities of individual participants. Details that might identify participants, such as the location of the study, also will not be shared. The researcher will not use your personal information for any purpose outside of this research project. Data will be kept secure by password protection, data encryption, and use of codes in the private secured external drives only. Data will be kept for a period of at least five years, as required by the university. Participant real name will not be used when the report will be written.

Contacts and Data will be kept for a period of at least five years, as required by the university. To maintain confidentiality, participants are asked to keep what is said during the interview private as well. Any information you provide will be kept confidential.

Contacts and Questions:

You may ask any questions you have now. Or if you have questions later, you may contact the researcher via 09098181888. If you want to talk privately about your rights as a participant, you can call the Research Participant Advocate at my university at +1-612-312-1210 Walden University's approval number for this study is **IRB will enter approval number here** and it expires on **IRB will enter expiration date**.

Obtaining Your Consent

I will provide you with a copy of the consent form

If you feel you understand the study well enough to make a decision about it, please indicate your consent by signing below.

Printed Name of Participant

Date of consent

Participant's Signature

Researcher's Signature

Appendix E: Field Test

Field Test Volunteer	Test Setting	Test Duration [00:00:00]	Transcribed Pages [single-space typed]	# Codes Produced
FTV1	ZOOM	00:45:01	5.50	5
FTV2	ZOOM	00:42:01	6:01	5
FTV3	Email	00.30.02	6.01	4
FTV4	Email	00.31.01	5.60	5
Average				
Total				

Appendix F: Site Authorization/ Letter of Cooperation

The 10 Manufacturing Company Names
Address
Lagos

08, 26, 2021

Dear Idowu Ogunshola,

Based on my review of your research proposal, I give permission for you to conduct the study entitled “Exploring the Drivers of Tax Evasion in the Manufacturing Sector: Lagos, Nigeria” within the 10 manufacturing companies. As part of this study, I authorize you to: contact potential participants in the manufacturing department via provided Zoom link; conduct interviews via online platforms like Skype or Zoom at the participants’ convenience and timing outside official work hours; and follow-up member-checking and results dissemination through email addresses of participants. Individuals’ participation will be voluntary and at their own discretion.

We understand that our organization’s responsibilities include providing names and contacts of potential participants for your study. However, the potential participants’ acceptance to participate is solely the participants’ decision and communication via a consent form.

We reserve the right to withdraw from the study at any time if our circumstances change.

I understand that the student will not be naming our organization in the doctoral project report that is published in Proquest.

I confirm that I am authorized to approve research in this setting and that this plan complies with the organization’s policies and that you have the permission and your study is visible

I understand that the data collected will remain entirely confidential and may not be provided to anyone outside of the student’s supervising faculty/staff without permission from the Walden University IRB.

Sincerely,

<<Your Full Name>>

<<email address>>

Appendix G: Initial Codes and Emerging Categories

Initial Codes and Emerging Categories

Initial Code	Example from Data	Analytic Notes on Emerging Categories
<ul style="list-style-type: none"> • Negative Attitude of tax payers towards tax payment. • Opportunity exploited to avoid tax payment • Tax payers' attitude and perception • Insufficient knowledge on tax remittance • Lack of audit system to track tax evasion • Some socio-economic reasons for tax evasion • Informal economy where registration of companies lack standardization • Lack of payment option for tax payers • Inadequacy of technological devices on tax payment 	<p>Paste in excerpt from data; provide note regarding the source (e.g., interview, observation, focus group, participant pseudonym).</p>	<p>I will identify patterns to begin to generate themes that may answer the research questions. I will have more insight after the data collection process.</p>

Categories and Emerging Themes

Initial Code	Secondary Code/Category	Analytic Notes on Emerging Themes
<ul style="list-style-type: none"> • Negative Attitude of tax payers towards 	<p>Paste in excerpt from data; provide note</p>	<p>From the codes, I put together similar codes to form same</p>

<p>tax payment.</p> <ul style="list-style-type: none"> • Opportunity exploited to avoid tax payment • Tax payers' attitude and perception • Insufficient knowledge on tax remittance • Lack of audit system to track tax evasion • Some socio-economic reasons for tax evasion • Informal economy where registration of companies lack standardization • Lack of payment option for tax payers • Inadequacy of technological devices on tax payment 	<p>regarding the source (e.g., interview, observation, focus group, participant pseudonym.</p>	<p>meanings, representing the categories. This will be expanded during the data collection process from the participants.</p> <p>Recall the research questions:</p> <p>How can leaders in the manufacturing companies understand the drivers of tax evasion, which may prevent sanctions from tax authorities in Lagos state, Nigeria?</p>
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Themes

Name of Theme	Examples of Quotes from the Transcripts	Key Codes and Categories Related to the Themes
<ul style="list-style-type: none"> • Tax payers Compliance Attitude. • Tax evasion Opportunity • Tax payers' Attitude and Perception • Tax knowledge & Education • Audit probability and effectiveness • Lack of audit system to Socio-economic conditions • Informal economy 	<p>Put a quote here that represents the theme.</p>	<p>The themes represent a group of words that could provide meanings that could be a response to the research question.</p>

<p>influence</p> <ul style="list-style-type: none">• Tax payment option and methodology• Inadequate technological devices for tax collection		
	<p>Add more quotes (can add rows for each) to provide robust examples.</p>	

Appendix H: Focus Group Introduction Letter

Walden University

Date:

To Whom It May Concern:

I am a doctoral candidate in the PhD program at Walden University. I am conducting a dissertation research project titled “Exploring the Drivers of Tax Evasion in the Manufacturing Sector: Lagos, Nigeria” as my final project in this program. If you choose to participate in this study, I will interview you in a focus group with other nine participants about how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria. You will not be asked any identifying information of your clients. Your personal information will not be recorded or included in the final dissertation in any way. Geographical differences of participants will be included in the finished study if they are in any way significant to the data that is collected. The focus group interview will include questions that will allow you the freedom to express your encounters and perceptions about how leaders in the manufacturing industries could understand the drivers of tax evasion in manufacturing companies, which may prevent sanctions from tax authorities in Lagos state, Nigeria.

Thank you for considering participation in this study. If you have any questions or concerns, please do not hesitate to contact me at idowu.ogunshola@waldenu.edu.

Sincerely,
Idowu Ogunshola

Appendix I: Focus Group Interview

Questions

- If you could identify drivers of Tax Evasion in the Manufacturing Sector, what would that be?
- When you think of tax evasion, what is the first thing that comes to mind?
- What are the biggest problems with tax evasion?
- What has your organization implemented to help overcome tax evasion?
- What has your organization not been willing to try that you believe would have a positive impact on this issue?
- How does your community support or hinder your efforts to help in the challenges of tax evasion?
- What is your organization support system like?
- How is the support system helpful?
- How is the support system not helpful or negatively impact the tax compliance process?
- What aspects of tax compliance are leaders unwilling to participate in?
- Why?