

Institutional Theory and Tax Compliance: A Systematic Literature Review

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Abstract

The role of tax in any economy is of paramount importance since it contributes to the implementation of government plans and budget. Therefore, this study systematically reviewed the role of institutional theory in promoting tax compliance. The study used the PRISMA 2020 approach, 23 articles, thematic analysis, NVivo qualitative data analysis, and SPSS for descriptive data analysis. The study explored the characteristics and patterns of the studies in relation to the institutional theory variables. Study findings indicated that higher integration of institutional theory variables into tax compliance was conducted mostly in Asian and African countries in the 2020s. Also, study findings indicated that the regulations and normative pillars are frequently invoked to dominate the literature, whereas the cultural cognitive pillar is rarely studied. Additionally, while studies conducted in developing countries examined both the regulative and normative pillars, those in developed countries focused more on the regulative pillar. Additionally, the results suggest that the theory was reasonably utilized in explaining tax compliance among SMEs rather than among corporate entities. Generally, the review concludes that further studies are required to explain how institutional theory promotes tax compliance across developed and developing countries and across corporate entities. Studies that focus on normative and cultural cognitive aspects and intercountry studies are highly in demand, while policymakers should formulate and amend policies to promote tax compliance, focusing on the proper functioning of regulations, cultural and normative facets.

Keywords: *Institutional theory, Tax Compliance, regulations, norms, culture*

INTRODUCTION

Tax plays a significant role in financing governments' plans and budgets of all countries, regardless of the economic level (Meliza & Ulum, 2025). Through taxes, governments finance their daily operations, provide public services, and implement development plans within the country (Hyera et al., 2025). Additionally, if well administered, taxes ensure the proper distribution of income within the economy (Yapa et al., 2015). Because of the increasing government dependence on revenue collection, tax compliance has become an institutional, fiscal, and research agenda item. Hence, tax compliance is an essential catalyst for sustaining government revenue mobilization, which in turn supports public expenditure, public service delivery, and economic development. Institutional dynamics shape tax compliance, as it is determined by regulations, norms, and cultural cognition (Suez-Sales & Okabe, 2025) in both developing and developed economies.

The role of tax in promoting the availability of social services justifies governments' emphasis on ensuring that taxpayers pay an appropriate amount of tax. This will be possible if taxpayers comply with tax laws and regulations. Tax compliance is used as an indicator of the effectiveness of the tax system. Institutional quality, governance, government trust, tax morale, and social norms determine tax compliance (Koumpias et al., 2020). The extent to which taxpayers comply with tax laws, policies, and regulations is regarded as tax compliance (Lima et al., 2025). The governments play a significant role in promoting and enforcing tax compliance. Formulating and enforcing regulations, cultivating taxpayers' norms, and emphasizing a tax compliance culture have been essential tools for promoting tax compliance.

Despite substantial tax administration reforms, the challenge of tax compliance persists in many countries. Underreporting, tax evasion, and informal economic activities undermine tax countries globally (Al-Asfour & McGee, 2024). These challenges are amplified by fragile, weak institutions, enforcement techniques, and citizens' low confidence in public authorities, which diminishes tax compliance and tax collection in most developing countries (Paleka & Vitezić, 2023). Institutional weaknesses have catalyzed the tax collection mechanism in developing countries (Adem, 2024).

Institutional theory scholars assert that institutional dimensions of regulations, normative, and cultural-cognitive promote organizational performance (Kayaoğlu & Williams, 2020). The regulatory pillar examines

how laws, regulations, and policies shape behavior, while the normative pillar explains how social expectations, values, and norms influence behavior. The cultural-cognitive pillar focuses on shared beliefs that influence behavior. All three pillars of the institutional theory are believed to influence taxpayers' behavior in some way (Augustine, 2020).

The literature indicates that no SLR studies have examined how institutional theory variables influence tax compliance. Instead, individual studies concentrated on isolated institutional theory variables. Studies such as Lima et al. (2025) in Brazil, Ottone et al. (2015) in Italy, Sweden, and the UK, Augustine (2020) in Nigeria, Tuliao (2026) in Japan, and the United States, and Zhong (2023) in China focused on regulations. Firmansyah and Wardana (2025) in Indonesia, Nadirov (2021) in Azerbaijan, Boll (2018) and Ostapenko and Williams (2016), in Ukraine and Slovakia, and in Denmark concentrated on normative. Moreover, Anugrah et al. (2025) in Indonesia and Pipatnarapong (2025) in Brazil, Russia, India, China, and South Korea (BRICS) countries assessed how regulation and cultural factors influence tax compliance.

Additionally, Paquin (2022) in Georgia and Armenia, Yahaya et al. (2024) in Nigeria, and Hyera (2025) in Tanzania assessed the influence of regulations and normative factors. Likewise, Abbas et al. (2023) in Australia and Suez-Sales and Okabe (2025) in the United States and Japan focused on regulative, normative, and cultural aspects. Therefore, this study intends to systematically review different articles that used institutional theory to explain tax compliance. This study examined the characteristics of the 23 articles and their patterns. The principal contribution of this study is the identification of gaps in understanding how institutional theory variables influence tax compliance. The study aimed to identify which institutional theory constructs are widely or rarely applied, enabling holistic theoretical, practical, and policy recommendations.

METHODOLOGY

Eligibility criteria

The study used the PRISMA 2020 framework to guide article selection, thereby ensuring relevance and methodological rigor in the inclusion and exclusion criteria. The researchers applied the Google Scholar and Scopus databases. Google Scholar is freely accessible and therefore contains most grey literature articles (Gusenbauer, 2024). However, sometimes low-quality articles can be uploaded to Google Scholar. To avoid encountering low-quality articles, the researchers used PRISMA 2020 quality checks to retrieve only high-quality articles from Google Scholar. Scopus is the

largest and most reputable database because journals and articles indexed in it are considered credible and highly impactful (Anam et al., 2025).

The keywords “Institutional theory “AND “Tax compliance” in Google Scholar and “Institutional theory“ AND “Tax compliance” or regulations AND “tax compliance” or normative AND “tax compliance” or culture AND “tax compliance” in Scopus were used to select articles. The selection criteria were: all articles with search keywords in the title, peer-reviewed articles in Google Scholar, and articles, working papers, and book chapters in Scopus. To capture the effect of measure variables, the researchers included only documents that applied regression analysis or higher-level data analysis methods, such as structural equation modeling or smart PLS. The researchers excluded documents not in English, theses and dissertations, qualitative and descriptive analysis articles, news articles, opinions, blogs, commentaries, and non-scientific materials. Due to the limited number of relevant articles, working papers, and book chapters, only those published in reputable databases such as Scopus and Web of Science were included in the analysis. Marzi et al. (2024) asserted that book chapters, conference papers, and working papers indexed in higher-impact journals may be included in systematic literature reviews. The selection process is presented in Table 1. The screening involved three phases: first, searching Google Scholar and Scopus for the search keywords; second, screening articles for English language and the other inclusion criteria. In the final phase, only articles that contained the search keywords and were not redundant or duplicates were included for analysis. Redundant articles were those that had flaws in the design and results, and those whose methodological approach did not qualify to articulate the effects of the measure. The duplicate articles were those that yielded similar results or contributed very little to the study. The review was done from June 2025 to January 2026.

The three researchers were assigned tasks to facilitate a timely, accurate review. The first researcher concentrated on Google Scholar, and the second on Scopus. The third researcher guided the two researchers and supervised the review analysis. After retrieving the articles, all three researchers finally screened them using the inclusion and exclusion criteria. Each article was included in the analysis if all three researchers agreed that it met the criteria and quality standards.

Table 1:
Article selection process

Type of Database	Initial Search	Screened Articles	Final Selection
Scopus	13	10	5
Google Scholars	2,200	33	18
TOTAL	2,213	43	23

Source: Google Scholar and Scopus Databases (2026)

Articles quality checks

A Mixed Methods Appraisal Tool (MMAT) was used to assess the methodological quality of the selected articles and the reliability of their results, as recommended by Hughes et al. (2020). Five design-specific criteria of MMAT include the suitability of quantitative and qualitative approaches, the appropriateness of data collection methods, adequate data to support the findings, a logical interpretation of the findings, and a thorough description of the context. Thereafter, the score for each study was assigned by categorizing the articles as “relevant”, “not relevant”, or “cannot tell”, each with a numerical value. The scores for each article were summed to obtain the total, which was then converted to a percentage. All articles with scores below 60% did not qualify for the study.

As Hughes et al. (2020) recommended, the researchers also applied the Grading of Recommendations, Assessment, Development, and Evaluation (GRADE) to assess the quality of the articles. The study used the MMAT 2018 version, which rates articles from 5 to 1, where 5 is very high quality, 4 is good or high quality, 3 is moderate quality, 2 is low quality, and 1 is very low quality. According to Hughes (2020), the article is accepted for analysis if it scores 3 or above. Converted to percentages, the highest quality is 5/5 (100%); good quality is 4/5 (80%); moderate quality is 3/5 (60%); low quality is 2/5 (40%); and very low quality is 1/5 (20%). Table 3 shows the MMAT and GRADE scores for the articles. MMAT and GRADE ensured the researchers selected articles with reasonable quality, methodological reliability, and transparency. Additionally, the researchers used the MMAT and GRADES to overcome the risk of article selection bias. Hence, the application of inclusion and exclusion criteria, MMAT, and grades minimized the risk of selecting low-quality articles. Table 2 presents the selection information for the MMAT and GRADE articles.

Table 2:
MMAT and GRADE article selection information

No	Author	Year	Data analysis method	MMAT score	GRADE score
1	Lima et al.	2025	PLS-SEM	80% (4/5)	High
2	Suez-Sales & Okabe	2025	Regression	100% (5/5)	Very High
3	Tuliao	2026	Regression	80% (5/5)	High
4	Anugrah	2025	Regression	100% (4/5)	Very high
5	Paquin	2022	Regression	80% (5/5)	High
6	Night et al.	2019	Regression	100% (4/5)	Very high
7	Le et al.	2025	Regression	80% (5/5)	High
8	Koumpias et al.	2020	Regression	100% (4/5)	Very high
9	Augustine	2020	Regression	60% (3/5)	Moderate
10	Bin-Nashwan	2025	Regression	80% (4/5)	High
11	Pasin et al.	2026	Regression	80% (4/5)	High
12	Felix et al.	2025	Regression	80% (4/5)	High
13	Zhong et al.	2023	Regression	80% (4/5)	High
14	Pipatnarapong et al.	2025	Regression	100% (5/5)	Very high
15	Meliza & Ulum	2025	PLS-SEM	100% (5/5)	Very High
16	Kayaoğlu	2020	Regression	80% (4/5)	Moderate
17	Williams	2020	Regression	60% (3/5)	Moderate
18	Hyera et al.	2025	Regression	60% (3/5)	Moderate
19	Nadirov et al.	2021	Regression	100% (5/5)	Very High
20	Yahaya & Omotola	2024	Regression	60% (3/5)	Moderate
21	Ottone et al.	2015	Regression	80% (4/5)	High
22	Ostapenko & Williams	2016	Regression	80% (4/5)	High
23	Kimea et al.	2023	Regression	80% (4/5)	High

Source: Empirical Literature review (2026)

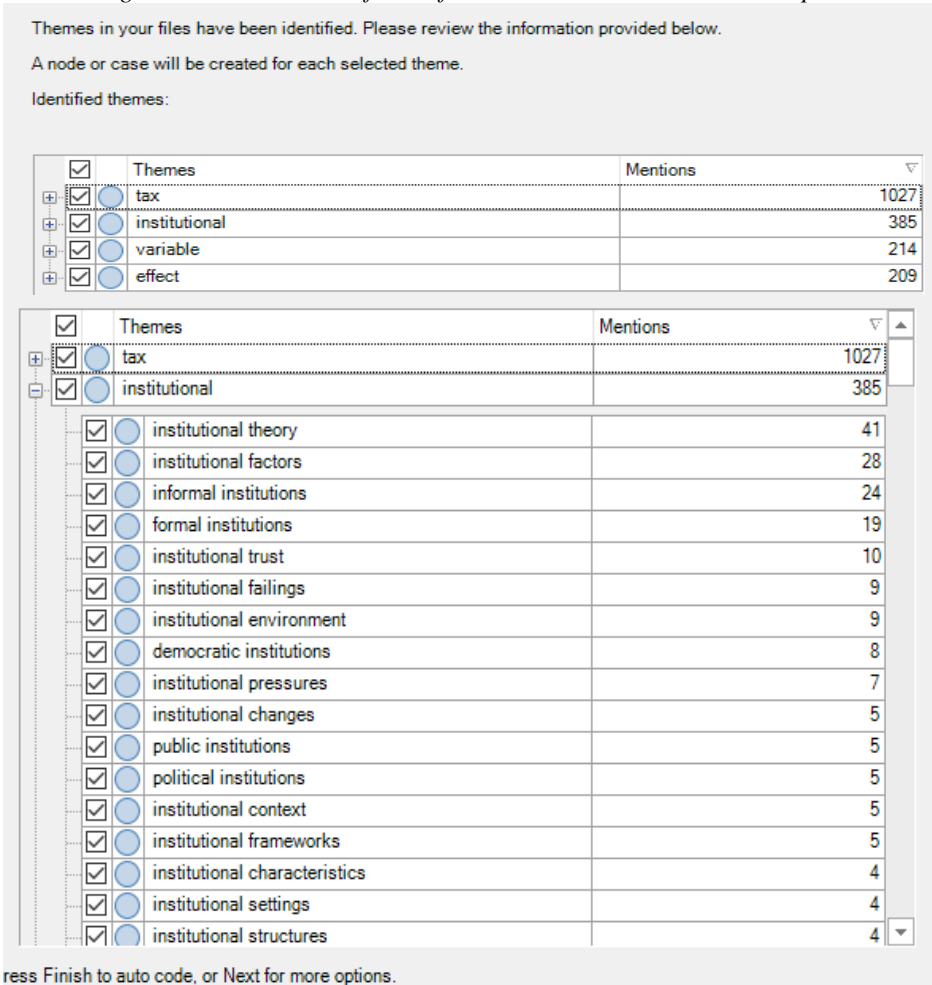
Risk of bias was assessed through a thorough evaluation of the study's objective, methodology, instrument validity, openness of the data analysis, and limitations. Thus, the study included only articles with methodological rigor, excluding those with missing data, qualitative and descriptive studies, and those with unclear methodological design. To ensure proper consideration of the effects of the measure, all studies without measure variables were excluded. These studies either used qualitative or descriptive analysis, or showed only association or direction, not the effect of the measure variables, such as R-square, odds ratio, beta coefficient, error term coefficients, etc. Therefore, studies that used only regression, structural equation modeling, or other rigorous data analysis methods were selected for analysis because they clearly indicated the effects of the measure variables.

Data analysis

The qualitative SLR articles were analyzed using thematic analysis. Using thematic analysis, the researcher identified, analyzed, and reported patterns in the data. According to Braun and Clarke (2006), thematic analysis comprises six steps: familiarization with the collected data, initial coding to identify and label the study's features, generalization of themes, theme evaluation and review, theme definition, and data analysis and report writing.

The analysis involved extracting data mainly from the abstracts, methodologies, results, and conclusions of the selected articles. The extracted data were screened, segmented and coded to fit research objectives. The final codebook was generated through autocoding. The process also involved assembling and matching the codes of similar texts. The autocoding in NVivo (Figure 1) explains how the sub-themes and final themes were generated. The initial themes included tax, institutional, variable, and effects, and they initially generated 1027 nodes. The sub-themes and themes were generated later, considering the sub-nodes that articulate the variables of institutional theory. Moreover, the word frequency (Table 2) and word cloud (Figure 2) also helped the researcher characterize the studies and identify study patterns, which are presented in the results section. For better visualization and analysis, the researchers also used the Statistical Package for the Social Sciences (SPSS) to analyze data from the selected articles. SPSS was used to analyze the data and generate detailed, meaningful information in line with the objectives.

Figure 2:
Autocades generation in NVivo software for sub-themes and themes development



Source: NVivo software (2026)

The word frequency (Table 3) suggested the generation of sub-themes, including the study country, data analysis method, study sector, institutional theory variables, and their influence on tax compliance.

Table 3:
Word frequencies for the themes and sub-themes development

Word	Length	Count	Weighted Percentage (%)	Similar Words
Institutions	12	1563	1.04	institute, institution, institutional, 'institutional, institutionalism, institutionalism', institutions, institutions'
governments	11	1028	0.68	govern, governance, governed, governing, government, governments, governments'
compliance'	11	972	0.65	compliance, compliance', compliance'
Morality	8	964	0.64	moral, morale, morale', morality, morals
Economics	9	815	0.54	economic, economically, economics
Country	7	618	0.41	countries, countries', countries', country
Accounts	8	600	0.40	account, accountability, accountable, accountancy, 'accountancy, accountant, accountants, accountants', accounted, accounting, accounting', 'accounting, accounts
Revenues	8	575	0.38	revenue, revenues
Social	6	504	0.33	social, socialization, socially, socials
Trust	5	426	0.28	trust, trusted, trusting
Public	6	418	0.28	public, publicly, publication, publications
Taxpaying	9	413	0.27	taxpayer, taxpayer', taxpayers, taxpayers', taxpayers', taxpaying
Business	8	389	0.26	business, businesses
Systems	7	377	0.25	system, systemic, systems
developments	12	370	0.25	develop, developed, developer, developers, developing, 'developing, development, development', developments, develops
Avoidance	9	367	0.24	avoid, avoidance, avoiders, avoiders', avoiding

Word	Length	Count	Weighted Percentage (%)	Similar Words
Regulators	10	143	0.10	regulate, regulated, regulating, regulation, regulations, regulative, regulator, regulators
citizens'	9	140	0.09	citizen, citizens, citizens'
Taxation	8	139	0.09	taxation, taxation'
Normative	9	131	0.09	Normative
Sector	6	131	0.09	sector, sector', sectoral, sectors
Corruption	10	130	0.09	corrupt, corruption, corruptions
Educational	11	130	0.09	educate, educated, education, educational, educator, educators
Behaviors	9	128	0.09	behavior, behavior', behavioral, behaviors
enforcement	11	117	0.08	enforce, enforced, enforcement, enforcements, enforcing
Regulatory	10	116	0.08	Regulatory
Mechanisms	10	109	0.07	mechanism, mechanisms
characteristics	15	108	0.07	characteristic, characteristics
Theoretical	11	93	0.06	theoretical, theoretically
Isomorphic	10	92	0.06	isomorphic, isomorphism
Regressions	11	143	0.10	regress, regression, regressions

Table 4:
Characteristics of the studies

No	Author	Year	Years Category	Sources	Country	Country categorise	Economic status	Data analysis method	Variable in the institutional theory	Industry
1	Lima et.	2025	2021-2026	Scopus	Brazil	South America	Developing	PLS-SEM	regulative	Telecommunications
2	Suez-Sales & Okabe	2025	2021-2026	Scopus	United states and Japan	North America and Asia	Developed	Regression	regulative, normative and cultural-cognitive	General
3	Tuliao	2026	2021-2026	Google scholar	Taiwan	Asia	Developing	Regression	regulative, normative and cultural-cognitive	Business (self employed)
4	Anugrah	2025	2021-2026	Scopus	Indonesia	Asia	Developing	Regression	regulative and cultural cognitive	SME
5	Paquin	2022	2021-2026	Google scholar	Armenia and Georgia	Asia	Developing	Regression	regulative and normative	SME
6	Night et al.	2019	2011-2020	Scopus	Uganda	Africa	Developing	Regression	regulative, normative and cultural-cognitive	SME
7	Le et al.	2025	2021-2026	Scopus	Vietnam	Asia	Developing	Regression	normative	SME
8	Koumpias et al.	2020	2011-2020	Google scholar	Global	Global	Developed and developing	Regression	normative	General
9	Augustine	2020	2011-2020	Google scholar	Nigeria	Africa	Developing	Regression	regulative, normative and cultural-cognitive	General
10	Bin-Nashwan	2025	2021-2026	Google scholar	Global	Global	Developed and developing	Regression	normative	Banking and Finance
11	Pasin et al.	2026	2021-2026	Google scholar	Italy	Europe	Developed	Regression	normative	General

No	Author	Year	Years Category	Sources	Country	Country categorise	Economic status	Data analysis method	Variable in the institutional theory	Industry
12	Felix et al.	2025	2021-2026	Google scholar	Global	Global	Developed and developing	Regression	regulative and normative	General
13	Zhong et al.	2023	2021-2026	Google scholar	China	Asia	Developed	Regression	regulative	General
14	Pipatnarapong et al.	2025	2021-2026	Google scholar	Brazil, Russia, India, China and South Africa,	Global	Developed and developing	Regression	regulative and cultural cognitive	SME
15	Meliza & Ulum	2025	2021-2026	Google scholar	Indonesia	Asia	Developing	PLS-SEM	regulative	Government
16	Kayaoğlu	2020	2011-2020	Google scholar	Turkey	Asia	Developing	Regression	regulative, normative and cultural-cognitive	General
17	Williams	2020	2011-2020	Google scholar	Bulgaria	Europe	Developing	Regression	regulative	SME
18	Hyera et al.	2025	2021-2026	Google scholar	Tanzania	Africa	Developing	Regression	regulative and normative	Government
19	Nadirov et al.	2021	2021-2026	Google scholar	Azerbaijan	Asia	Developing	Regression	normative	General
20	Yahaya & Omotola	2024	2021-2026	Google scholar	Nigeria	Africa	Developing	Regression	regulative and normative	General
21	Ottone et al.	2015	2011-2020	Google scholar	Italy, Sweden UK	Europe	Developed	Regression	regulative	General
22	Ostapenko & Williams	2016	2011-2020	Google scholar	Ukraine and Slovakia	Europe	Developing	Regression	normative	SME
23	Kimea et al.	2023	2021-2026	Google scholar	sub-Africa countries	Africa	Developing	Regression	regulative and normative	General

Source: Empirical Literature Review (2026)

The findings in Table 5 show the study characteristics and the pattern of the studies.

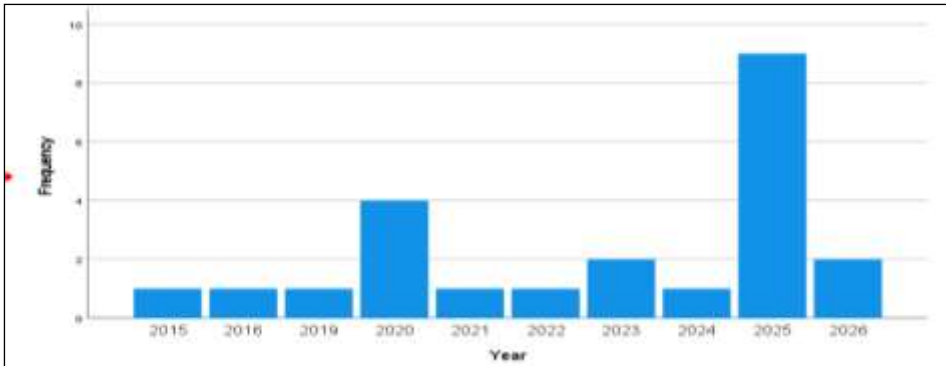
Table 5: Study Characteristics and Pattern of Studies

Regions of studies	Frequency	Percent
Africa	5	21.7
Asia	8	34.8
Europe	4	17.4
Global	4	17.4
North America and Asia	1	4.3
South America	1	4.3
Economic status		
Developed	4	17.4
Developed and developing	4	17.4
Developing	15	65.2
Data analysis method		
PLS-SEM	2	8.7
Regression	21	91.3
Total	23	100.0
Variable in the institutional theory		
Normative	6	26.1
Regulative	5	21.7
Regulative and cultural cognitive	2	8.7
Regulative and normative	5	21.7
Regulative, normative and cultural-cognitive	5	21.7
Industry		
Banking and Finance	1	4.3
Business (self-employed)	1	4.3
General	11	47.8
Government	2	8.7
SME	7	30.4
Telecommunications	1	4.3
Total	23	100.0

Source: SPSS Data analysis (2026)

The findings from Figure 3 show that all 23 articles were published after 2010, with 30% between 2011 and 2020 and the remaining 70% between 2021 and 2026, with peaks in 2025 and 2020. This is due to many countries worldwide using revenue collection as a major source of government income (Yapa et al., 2015).

Figure 3:
Yearly distribution of articles

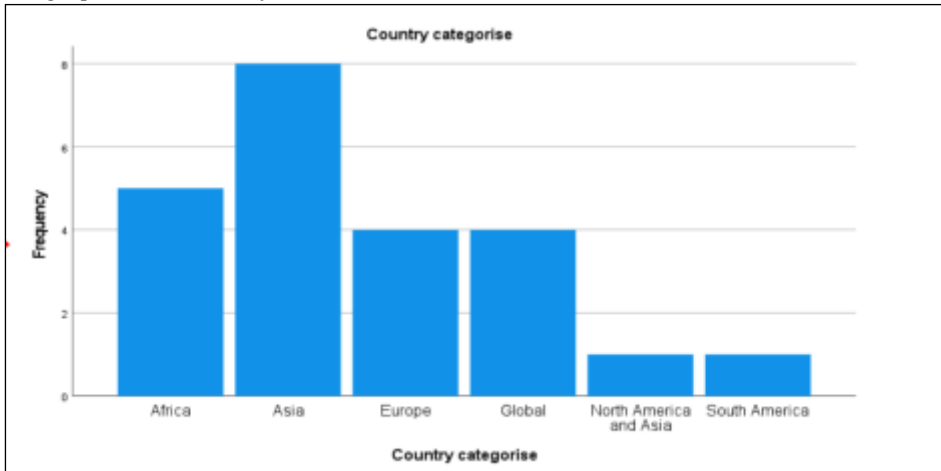


Source: Systematic Literature Review (2026)

The analysis indicates that most scholars have been using institutional theory in their studies to link it to ongoing scenarios that prioritize the use of institutional theory variables in promoting compliance across countries. The findings further depict that scholars have recently recognized the role of institutional theory variables of regulations, norms, and culture in promoting tax compliance, emphasizing that favorable regulations, norms, and culture are a panacea in promoting tax compliance. The findings further show that rigorous studies are essential tools for providing direction on how institutional theory variables promote tax compliance.

Findings on the geographical location (Figure 4) indicate that studies were conducted in Europe, Asia, Africa, North America, and South America. Furthermore, findings indicate a higher number of articles; about 35% were conducted in Asia. This was followed by about 23% of the articles being sourced from Africa, and only 4% from studies conducted in South America. The findings align with ongoing initiatives in Asian and African countries to promote tax compliance (Kimea et al., 2023). Given the pivotal role of governments in promoting tax compliance among their citizens, scholars view this as an opportunity to examine how institutional variables promote tax compliance (Pasin et al., 2026). Therefore, the study emphasizes that scholars in various countries have recognized the role of institutional theory variables in promoting tax compliance. Hence, scholars have assessed how institutional theory has promoted tax compliance across different countries.

Figure 4:
Geographical location of the studies



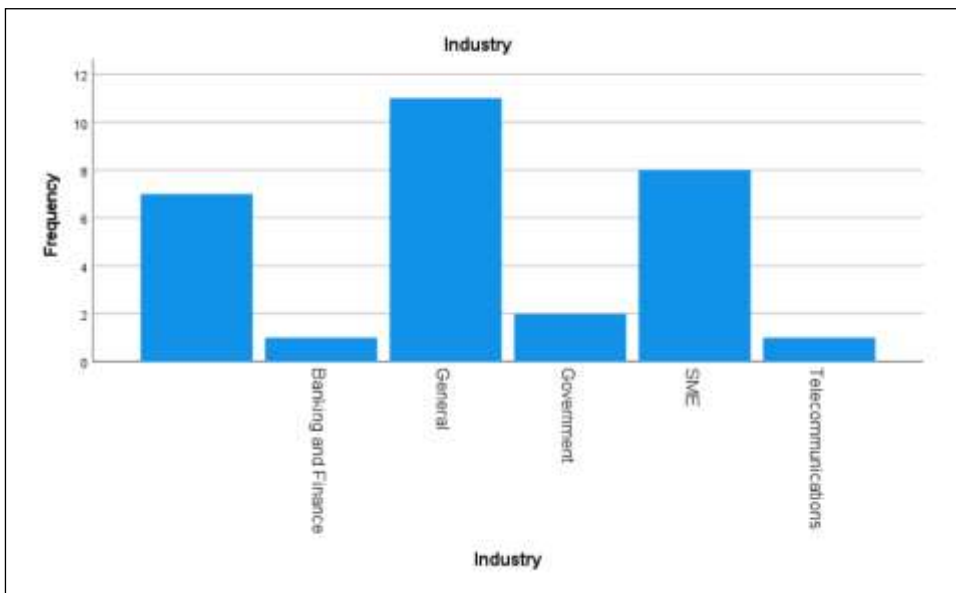
Source: Systematic Literature Review (2026)

The review indicates that 61% of the studies focused on the individual country, including China, Brazil, Uganda, Tanzania, Vietnam, Nigeria, Italy, Azerbaijan, Bulgaria, Taiwan, Indonesia, and Turkey. Moreover, 26% of the articles involved more than one country, of which 33% involved regional countries such as BRICS and sub-Saharan countries. Only 13% of the articles were conducted globally. Industrially, findings indicate that about 48% of the articles involved respondents from all industries to capture the general view of the taxpayers, regardless of the industry. 35% of the articles focused on Small and Medium Entrepreneurs (SMEs). Thus, a total of 83% of the articles focused on individual taxpayers and SMEs' perceptions. The analysis suggests that institutional theory has attracted scholars to assess the overall situation of taxpayers and SMEs regarding tax laws, regulations, and policies, as well as tax regulatory and administrative institutions, society, and culture (Figure 5). The theory has also been used to assess the government's effectiveness in promoting and enforcing tax compliance among its people, as indicated by 9% of the articles that focused on government entities. Additionally, only 8% of the articles focused on the telecommunication, banking, and finance industries. In most countries, institutions in these industries are large companies, the majority of which are multinational, and most tend to comply with tax laws, regulations, and policies to maintain the credibility of their brands (Kayaoğlu & Williams, 2020). This is in contrast to individual taxpayers and SMEs, who are encouraged to engage in tax avoidance and evasion practices due to their business instability and low level of tax education

(Anugrah et al., 2025). Generally, study findings suggest that most studies were conducted in SMEs, which contribute a large share of GDP in most countries and are an essential catalyst for economic development globally. Despite such an enormous role, most SMEs are more vulnerable to tax avoidance than the large firms. Therefore, the scholars are interested in assessing the role of institutional theory in fostering tax compliance among SMEs. Therefore, scholars are interested in assessing how institutional theory variables influence tax compliance among SME owners.

Figure 5:

Industry coverage of the studies



Source: Systematic Literature Review (2026)

Findings from the analysis indicated that 91% of the studies used regression to assess the effect of variables from institutional theory on tax compliance, while only 9% used partial least squares structural equation modeling (PLS-SEM). The findings imply that most scholars apply regression analysis because it is rigorous and simply explains how the variables of institutional theory foster tax compliance, as articulated by Goli and Drechsler (2020). Most scholars use regression analysis to examine how institutional theory variables affect tax compliance because it provides a practical and consistent method for understanding how the regulatory framework, normative practices, and cultural components influence tax compliance. Regression techniques enable researchers to estimate the

direction and strength of relationships among independent variables, middle variables, and dependent variables. The regression analysis, moreover, facilitates hypothesis testing for variables of institutional theory constructs in a simple, practical way, thereby highlighting how institutional variables significantly predict tax compliance across sectors. Furthermore, most institutional and tax compliance studies involve the collection of survey data, and regression models are well-suited to such data. Hence, regression analysis is commonly used in the social sciences to generate empirical analytical evidence to support theory testing, the generalization of findings, and policy recommendations, since it is less complex than multivariate data analysis techniques such as SEM.

Patterns of the articles

The analysis indicates that most studies were conducted in developing countries, particularly in Asia and Africa. This is attributed to low tax compliance, high rates of tax avoidance and evasion, especially in African countries (Schwab et al., 2022). Additionally, this is driven by the ongoing emphasis on using tax collection by the African governments, which treat taxation as the primary source of government revenue in most African and many developing countries. This passion necessitates that most African countries devise strategies to optimize revenue collection through various tax collection strategies, including digitalization. Mpofu (2022) emphasized the need for more studies to assess the influence of institutional theory on tax compliance in developed countries. Thus, scholars have been conducting studies to propose tax compliance strategies for taxpayers in developing countries more than in developed countries. Most Asian countries are also in a developing stage and hence require tax revenue to finance the government budget and development activities. Hence, scholars have also examined the influence of tax compliance in Asian countries. Unlike in developing countries, developed countries are highly modernized and have effective electronic tax collection systems, thereby enhancing tax collection (Anugrah et al., 2025).

Regulatory variables are most often studied because they explain how established enforcement mechanisms, formal rules, and deterrence mechanisms influence taxpayers' attitudes and behaviour (Gebrihet et al., 2023). The deterrence approach advocates that penalties, audits, and the perceived tax authorities' power may reduce noncompliance, while leniency and less enforcement mechanisms encourage non-compliant tax behaviour. Social norms shape taxpayers' expectations and moral obligations regarding acceptable behaviour. Citizens' perception of tax-

paying as a social responsibility reinforces tax compliance by activating reciprocity, peer conduct, trust, and taxpayers' morals. Therefore, the norms promote tax compliance beyond mere adherence to legal procedures (Cahyonowati et al., 2023). The findings show that tax payment should not depend solely on established legal procedures, but Norms may weaken or strengthen effective tax payment and compliance. Hence, the findings indicate that studies that focus on norms are recommended.

The findings further assert that social perceptions and pressure are important catalysts in promoting tax compliance. Despite its role, cultural influence on tax compliance is less studied because cultural scholars sometimes fail to isolate culture from economic, institutional, and legal features (Lewis et al., 2009). Citizens' trust is usually shaped by culture. Therefore, the culture manipulates taxpayers' norms, values, and trust in government. Moreover, culture shapes perceptions of civic duty and positively influences tax compliance (Tsakumis et al., 2007). Cultural orientations and practices such as power distance, uncertainty avoidance, and individualism shape heterogeneous taxpayers' responses across societies and determine the enforcement mechanisms of tax compliance (Lewis et al., 2006). Therefore, cultural consideration is essential in the formulation of tax compliance enforcement procedures. Based on these facts, further studies assessing the influence of culture on tax compliance across different countries are warranted.

Most studies conducted in developed countries used either a regulatory variable or a normative pillar of the theory, whereas a few incorporated all variables. The findings indicate that none of the analyzed articles used the cultural-cognitive pillar. Furthermore, half of the analyzed articles conducted in developed countries employed the regulatory pillar of the institutional theory. The findings emphasize the enforcement of the tax regulations and systems (Tjan, 2024), which ensures efficiency, transparency, accountability, and accuracy of tax administration. The regulated tax systems also ensure automatic tax compliance among taxpayers, as fines and penalties are automatically captured; thus, taxpayers see the consequences of non-compliance. This being the case, studies mostly focused on the regulation pillar of the theory rather than the normative and cultural-cognitive pillars.

The findings establish that studies in developed countries focus selectively on regulation and normative variables rather than employing all three variables of the theory. This reflects the tendency among scholars in

developed countries to ignore the role of culture in tax compliance. This is probably deliberate, as governments in developed countries have effectively promoted the culture of tax payment among their citizens. However, ignoring the influence of culture on tax compliance denies a holistic understanding of how the institutional theory variables that affect tax compliance in developed countries. This pattern highlights a necessary research gap: examining the role of three variables of institutional theory on tax compliance and conducting studies to analyze how the cultural construct influences tax compliance in developed countries.

The opposite is observed in developing countries, where the variables of the institutional theory are reasonably utilized (though not fully) by studies. The finding suggests that institutional theory studies have attracted scholars to explain tax compliance in developing countries. Also, the findings might suggest more future studies to capture the role of all pillars of the institutional theory, as in developed countries. Despite the thorough use of the theory, the regulation and normative pillars still dominate the cultural-cognitive pillar. The analysis indicated that many studies in developing countries have applied either or both of the regulation and normative pillars, while few studies examined the cultural-cognitive pillar, though it was never used as a stand-alone pillar in any study. Moreover, findings suggest a reasonable application of the regulatory and normative pillars of the theory, whereas only a few studies applied the cultural cognitive pillar. These findings align with reality in most developing countries, where a weak tax administration framework is associated with poor regulations and normative enforcement, characterized by corruption, bureaucracy, and even a lack of transparency, thereby discouraging tax compliance among taxpayers (Gebrihet et al., 2023).

Furthermore, studies conducted in Asia incorporated all the theory's pillars, either individually or jointly. The findings indicate that half of the studies used normative or regulatory pillars, while the other half used a combination of regulatory, normative, and cultural-cognitive pillars. The findings demonstrate the integration of multiple pillars of institutional theory to explain the status of tax compliance in Asia. The findings further indicate that many articles in Africa have used regulation and normative pillars, while a few have used regulation, normative, and cultural cognitive pillars. The findings demonstrate that, unlike Asian articles, which reasonably utilized the institutional theory construct, African articles focused only on the joint use of the theory's pillars, ignoring the individual influence of each pillar on tax compliance. The findings imply that African

scholars have endeavored to draw on all pillars of institutional theory, despite the cultural-cognitive pillar being applied less.

The analysis indicates that most of the studies focus on SMEs. The findings indicate full utilization and integration of the pillars of the theory among SMEs, whereas articles focused on the banking and finance and telecommunications industries primarily address the normative and regulative pillars. The findings highlight the differences in the nature and level of business conducted by SMEs and corporate entities. The majority of SMEs are at high risk of tax non-compliance due to their operational nature and lower tax prioritization than large corporations. This led scholars to conduct studies to assess how SMEs apply institutional theory variables to enhance tax compliance. Moreover, results suggest the regulative pillar was more frequently utilized than the other pillars. However, the studies also integrated the normative pillar to assess how societal behaviors influence tax compliance, although not to a large extent. The existence of many studies that focus on the regulative pillar suggests that scholars believe that, in most countries, enforcing the regulations is essential to promote tax compliance. Moreover, the analysis indicates that studies on the cultural pillar are almost absent. This study emphasizes that educating society on tax compliance is paramount for promoting it through social strategies, rather than relying on regulatory enforcement. Hence, the researchers should target all pillars of the institutional theory equally in future research.

Literature gaps

Findings indicate a gap in the full utilization of institutional theory in explaining tax compliance across articles. Only 22% of the analyzed articles used all three pillars of the theory to explain tax compliance, while the remaining 78% used either one or two of the pillars. Thus, researchers have not fully utilized variables from institutional theory in their studies. Also, most scholars fail to integrate the cultural cognitive pillar with tax compliance. The analysis has evidenced a small number of studies examining the role of the cultural cognitive pillar in tax compliance across countries. This is a call to scholars to conduct more studies that capture the role of cultural cognition in tax compliance, as it also contributes to tax compliance among taxpayers. Moreover, studies conducted only in developed countries or those that combine developed and developing countries are scarce.

CONCLUSION

To conclude, the findings suggest that the variables of institutional theory have not been fully utilized to explain tax compliance across institutions and individual taxpayers. Since the studies adequately cover the regulative construct, followed by the normative construct. However, the findings indicate that the cultural construct variable has attracted few scholars. Therefore, the study demonstrates that institutional theory appears highly effective in explaining the roles of the normative and regulative pillars in tax compliance, whereas the cultural-cognitive pillar is scarcely studied. Moreover, the studies focus on developing countries, leaving developed countries and intercountry studies underexplored. The studies also focus heavily on developing countries, particularly in Africa and some Asian countries, where tax compliance rates are low. The study generally concludes that there is a gap in the application of institutional theory variables. Therefore, contemporary studies have not comprehensively explained the application of institutional theory to address the tax non-compliance challenge faced by most countries in Africa, as well as by some countries in Asia and elsewhere.

RECOMMENDATIONS

Policymakers should incorporate institutional variables, regulations, norms, and culture when formulating or amending tax policies. In the future, studies should assess the role of cultural cognition in tax compliance globally, across the continent, or in individual countries, given the limited studies, as evidenced by this study. The studies should also integrate all constructs of institutional theory, i.e., regulations, norms, and culture, to enhance the holistic application of the institutional theory. Comparative studies and those that employ moderating, mediating, and control variables are highly recommended in the future.

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