

# Explaining Local Tax Compliance through Behavioral and Institutional Perspectives: The Role of Quality Interaction and Adaptive Governance

*The Role of Quality Interaction and Adaptive Governance*

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Submitted:  
November 5, 2025

Revised:  
November 10, 2025

Accepted:  
January 24, 2026

Published Online:  
January 31, 2026

## ABSTRACT

*Taxpayer compliance continues to pose a significant challenge in local tax administration globally, including in Indonesia. This review seeks to redefine local tax administration by incorporating three perspectives: social psychology, organizational design, and strategic governance. This study aims to explain the dynamics of local tax compliance through behavioral and institutional approaches and to identify ways to make local tax administration more effective through quality interactions and adaptive governance systems. The study employs a systematic literature review with a conceptual and thematic synthesis approach to examine relevant studies on local tax compliance and administration. The findings indicate that taxpayer compliance is influenced not only by legal and economic factors but also by social-psychological behavior, institutional capacity, and governance legitimacy. Compliance is particularly shaped by interaction quality between taxpayers and tax officers, administrative modernization, and collaborative, transparent governance. This study proposes an Adaptive Local Tax Compliance Framework that balances behavioral legitimacy, institutional capacity, and governance accountability. The findings suggest that local governments should shift from control-centric models toward collaborative, trust-based approaches to enhance compliance and administrative effectiveness, contributing to the literature by integrating behavioral, institutional, and governance perspectives in local tax administration.*

**Keywords:** Local Tax Administration, Organizational Design, Social Psychology, Strategic Governance, Taxpayer Compliance.

## INTRODUCTION

The local tax administration is a vital component of the financial system that underpins sustainable public development at the local level. Within the framework of fiscal decentralization, local governments are responsible not only for efficiently administering tax collection but also for establishing fiscal legitimacy through public trust and active citizen engagement, which are essential preconditions for effective taxation. Nevertheless, many countries, including Indonesia, continue to face persistent challenges related to low compliance with local taxes, resulting in suboptimal revenue performance and increased dependence on transfers from the central government (Dollery et al., 2020; Judijanto, 2024).

Taxpayer compliance has traditionally been explained through a neoclassical economic perspective, which assumes that individuals behave rationally by weighing costs and benefits, with sanctions, audits, and enforcement risks serving as the primary drivers of compliance. However, this approach has been widely criticized for its limited explanatory power, as it tends to neglect social, psychological, and institutional factors that shape taxpayers' perceptions, motivations, and behavior (Brockmeyer & Somarriba, 2025; Lukovszki et al., 2025). Empirical evidence increasingly demonstrates that tax

**JIMKES**

Jurnal Ilmiah Manajemen  
Kesatuan  
Vol. 14 No. 1, 2026  
pp. 31-44  
IBI Kesatuan  
ISSN 2337 – 7860  
E-ISSN 2721 – 169X  
DOI: 10.37641/jimkes.v14i1.4539

compliance is influenced not only by economic calculations but also by perceived fairness, institutional trust, and the quality of interactions between tax authorities and taxpayers.

Recent tax research reflects a clear paradigm shift from deterrence-based models toward trust-based and service-oriented approaches (Osborne et al., 2013; Demin, 2022; Kiptum et al., 2024). Drawing on social psychology, this perspective emphasizes that compliance behavior is shaped by social norms, moral values, individual characteristics, and trust in public institutions. For example, evidence from Rwanda shows that respectful, transparent, and communicative interpersonal interactions between tax officials and taxpayers significantly enhance tax morale and voluntary compliance (Mascagni et al., 2025). These findings underscore that fostering fair and trust-oriented relationships is a critical strategy for improving local tax compliance, particularly in decentralized governance systems.

Beyond psychological dimensions, compliance is also affected by the effectiveness of institutional and organizational tax design. Organizational design theory highlights the importance of administrative structure, standardized procedures, technological infrastructure, and organizational culture in creating an efficient, accountable, and responsive tax administration system (Bellon et al., 2022; Prayitno, 2025). The modernization of tax administration through digital services such as e-filing, e-billing, and e-registration has been shown to improve efficiency, transparency, and service quality, thereby strengthening public trust. However, significant challenges remain, particularly in developing countries like Indonesia, where disparities in digital literacy, institutional capacity, and public confidence in government institutions persist (Hermawan, 2022; Sulistyono & Ratna, 2023).

Consequently, strategic governance offers a broader, macro-level perspective by emphasizing collaborative, transparent, and responsive public financial management. Within contemporary governance paradigms, taxation functions not only as a fiscal instrument but also as a mechanism for strengthening the social contract between the state and its citizens. Administrative models that balance enforcement mechanisms with incentives, procedural justice, and public participation are more likely to generate sustainable compliance outcomes (Bondar & Bieliaieva, 2024). In Indonesia, this approach is reflected in ongoing tax reform initiatives aimed at enhancing transparency, participation, and service efficiency through the digital transformation of Regional Revenue Agencies (*Badan Pendapatan Daerah/Bapenda*) across several provinces and major cities.

Despite these advancements, the existing literature remains fragmented. Studies tend to focus on isolated dimensions such as individual taxpayer behavior, technological modernization, or governance reforms rather than integrating psychological, organizational, and strategic governance perspectives into a unified conceptual framework. As a result, the complex interaction between social behavior, institutional capacity, and administrative legitimacy in local tax compliance remains underexplored (Belahouaoui & Attak, 2025). Improving sustainable tax compliance, therefore, requires a holistic understanding that encompasses social behavioral dynamics, organizational effectiveness, and the legitimacy of interconnected governance institutions.

Accordingly, this article seeks to recontextualize local tax administration from an integrative perspective that encompasses three core domains: social psychology, organizational design, and strategic governance. By adopting an interdisciplinary approach, this study proposes a new conceptual model, the Adaptive Local Tax Compliance Framework (ALTCF), to support the development of more inclusive, efficient, and trust-based tax policies and administrative practices. This research is particularly relevant to Indonesia's fiscal reform agenda, where strengthening local taxation is essential for enhancing regional fiscal autonomy and sustainable economic development. Ultimately, this study aims to explain the dynamics of local tax compliance through behavioral and institutional lenses and to identify strategies for improving local tax administration through high-quality interactions and adaptive governance systems.

## **LITERATURE REVIEW**

### **Local Taxpayer Compliance**

Local administration tax is crucial for enhancing fiscal capacity and autonomy in regions, particularly during the period of decentralization. The effectiveness is contingent upon the degree to which the system administration tax can enhance tax compliance. Multiple studies demonstrate that tax compliance is affected by legal and economic factors as well as behavioral, institutional, and governance elements (Brockmeyer & Somarriba, 2025; Lukovszki et al., 2025; Rely, 2025). Recent literature promotes a more integrative approach to understanding tax compliance by combining the perspectives of social psychology, organizational design, and strategic governance into a unified conceptual analysis model.

Taxpayer compliance at the local level serves as a key driver for regional fiscal sustainability. Under decentralization, the ability of local governments to manage taxation effectively reflects their fiscal independence and administrative quality. Effective tax systems are not only shaped by regulatory frameworks but also by public trust and the perceived fairness of the tax process (Durán-Cabré & Esteller-Moré, 2025). When taxpayers perceive that local governments manage resources transparently and responsibly, voluntary compliance tends to increase.

Recent research indicates that fiscal decentralization improves efficiency and enhances taxpayer morale, provided that political institutions function effectively (Ricciuti et al., 2019; Plaček et al., 2020). In Indonesia, recent developments highlight the role of digital transformation in improving local taxpayer compliance. The implementation of the Core Tax Administration System (CTAS) simplifies processes, enhances transparency, and reduces compliance burdens, thereby encouraging higher voluntary compliance (Arianty, 2024; Fajriyah, 2025). This aligns with global evidence that digitalization not only streamlines tax procedures but also strengthens the perception of fairness and efficiency in tax governance.

### **Social Psychology and Tax Morale**

The psychological foundations of tax compliance are inherently social in nature. Taxpayers' decisions to comply with tax obligations are not solely driven by economic calculations, but are also shaped by individual beliefs, prevailing social norms, perceptions of fairness, and levels of tax morale. Drawing on the Theory of Planned Behavior (TPB) developed by Ajzen (2020), compliance behavior is explained through the formation of intentions, which are influenced by attitudes toward taxation, subjective norms, and perceived behavioral control. Empirical evidence provided by Cantero-Galiano (2022) demonstrates that higher levels of institutional trust and a sense of tax ownership significantly strengthen taxpayers' intentions to comply, whereas perceptions of inequity and unfair treatment tend to weaken tax commitment and voluntary compliance. Within a conceptual structural equation modeling framework, constructs such as trust in the tax authority, perceived fairness, and tax morale operate as latent variables that exert a meaningful influence on voluntary compliance beyond direct enforcement or coercive mechanisms.

Recent empirical studies further reinforce this behavioral perspective. Gangl et al. (2019) show that procedural fairness and institutional trust play a crucial role in fostering cooperative attitudes among taxpayers. Their findings suggest that compliance is more sustainable when tax authorities adopt transparent, respectful, and service-oriented practices, as these approaches strengthen taxpayers' intrinsic motivation to comply rather than relying solely on deterrence-based strategies.

### **Organizational Design in Local Tax Administration**

The design of administrative systems and institutional structures plays a decisive role in shaping tax compliance outcomes within local tax administrations. From an organizational design perspective, compliance is not merely the result of regulatory

enforcement, but also reflects the capacity of tax institutions to deliver services efficiently, transparently, and consistently. Empirical studies by Wicklein (2022), Freeman and Koçak (2023), and Prilianingrum (2024) demonstrate that the modernization of tax administration through the adoption of digital technologies significantly improves administrative efficiency and procedural transparency, which in turn strengthens public trust in tax authorities. Digitalized systems reduce information asymmetry, minimize bureaucratic complexity, and enhance accountability, thereby fostering a more favorable compliance environment.

Supporting this argument, research conducted by Lars and Bruno (2021), as well as Setyobudi et al. (2022) and Yakub et al. (2022), provides evidence that technology-based tax administration positively influences taxpayer compliance both directly and indirectly. Direct effects emerge through improved administrative efficiency and reduced compliance costs, while indirect effects operate through enhanced perceptions of service quality, convenience, and ease of use. These perceptions contribute to more positive taxpayer attitudes toward tax authorities, reinforcing trust and cooperation. Within a conceptual structural equation modeling framework, organizational capacity, technological modernization, and service quality are therefore positioned as key exogenous constructs influencing tax compliance (Kiptum et al., 2024). Their effects may occur directly or be mediated by public trust in tax institutions, highlighting the importance of institutional design as a behavioral and relational mechanism rather than a purely technical or procedural factor in local tax administration.

### **Strategic Governance and Collaborative Administration**

From a strategic governance standpoint, numerous studies highlight that the efficacy of local tax administration is contingent upon fiscal legitimacy and public transparency policies (Dollery et al., 2020; Demin, 2022). The Responsive Regulation Model by Ayres and Braithwaite (1992) posits that a synthesis of enforcement and collaboration can enhance tax compliance sustainably. In the SEM framework, the quality of strategic governance is posited as a latent variable that affects public trust and institutional legitimacy, which in turn influences tax compliance levels. Bondar and Bieliaieva (2024) assert that transparent and participatory fiscal governance does not directly influence compliance via the mediation of public trust.

Utilizing the integrated third perspective, we can construct a conceptual structural model to elucidate the intervariable relationships among the primary determinants of local tax compliance. Hypothetically, trust and perceived fairness (dimensions of social psychology) positively influence public trust in local tax institutions (institutional dimensions), subsequently enhancing voluntary compliance (dimensions of results). Organizational capacity and the quality of strategic governance serve as variables that enhance the moderating relationship between public trust and tax compliance (Khaltar, 2024). In the context of SEM, the intervariable relationship is represented as a causal pathway that demonstrates how tax compliance emerges from the interaction of individual behavior, organizational structure, and governance legitimacy.

The Adaptive Local Tax Compliance Framework (ALTCF) delineates a system of causal relationships comprising three exogenous constructs, social trust, institutional capacity, and strategic governance, and one primary endogenous construct, tax compliance (Prichard et al., 2019). This model can assess additional carry-on usage through SEM analysis utilizing Partial Least Squares to evaluate the strength of the relationship between latent variables and the direct influence among factors. The integration literature offers a strong conceptual framework and empirical evidence that can be quantitatively evaluated in future studies.

### **RESEARCH METHODS**

This study employs the Systematic Literature Review (SLR) methodology, in strict accordance with the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) protocol, to examine the relationship between friendly

communication marketing, customer experience, and driver adoption of digital banking. Representation is solely contingent upon articles indexed in peer-reviewed journals within the Scopus database, thereby excluding empirical methodologies such as surveys, interviews, or focus groups. Reliance is contingent upon sources disseminated by academics; this guarantees transparency, methodological precision, scientific validity, and reproducibility in alignment with established international publishing standards. The SLR process consists of four sequential stages: identification, screening, eligibility, and inclusion, each contributing to a comprehensive dataset for corpus literature and analysis, as illustrated in Figure 1.

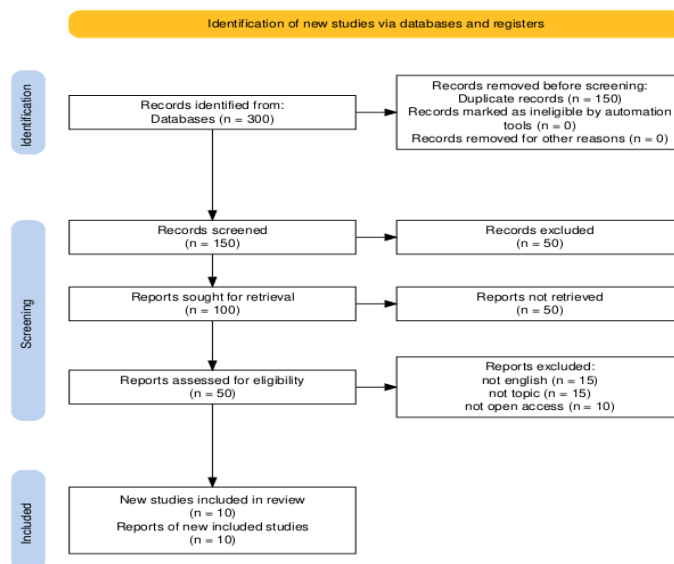


Figure 1. Systematic Literature Review Process Based on the PRISMA Protocol

Figure 1 depicts the methodical process by which pertinent studies were identified and chosen. The process began with an extensive keyword search for local tax administration, resulting in 300 publications. To improve thematic concentration, the search was further refined utilizing the Boolean string “local tax administration,” “taxpayer compliance,” “social psychology,” “organizational design,” “strategic governance,” and “tax morale.” This refinement removed 150 records that exceeded the study's parameters, yielding 150 potentially relevant publications.

During the screening phase, a temporal filter was employed to include only recent scholarship from 2020 to 2025, resulting in the exclusion of three articles published outside this timeframe, yielding a total of 100 records. At the eligibility stage, non-English language publications were excluded, resulting in the removal of one article and leaving 50 eligible studies. Accessibility was established as the paramount inclusion criterion. Only non-English, off-topic, and inaccessible publications were retained for analysis, resulting in the exclusion of 40 restricted-access articles. Consequently, ten peer-reviewed studies satisfied all selection criteria and constituted the final dataset for an extensive review and bibliometric analysis. The final sample explicitly consists of 10 scientific articles that fulfilled all PRISMA feasibility criteria and were therefore selected as the main research corpus. These 10 articles form the empirical and theoretical foundation of a multidisciplinary analysis integrating three primary perspectives: social psychology, organizational design, and strategic governance within the context of local tax administration and tax compliance.

## RESULTS

This literature review explores how tax administration can be improved through a multidisciplinary approach by integrating psychological, structural, and strategic perspectives. The study focuses on the influence of behavioral, organizational, and

governance factors on tax management effectiveness and taxpayer compliance. A literature search was conducted across six academic databases: Google Scholar, Scopus, Taylor & Francis, Emerald, Elsevier, and ScienceDirect. From an initial pool of 150 articles covering local tax administration, taxpayer compliance, social psychology, organizational design, strategic governance, tax morale, digital transformation, lean governance, transparency, and accountability, a screening process based on duplication removal and relevance assessment was applied. Following the evaluation of inclusion criteria, a small number of key studies were selected for in-depth analysis to synthesize three core perspectives: social psychology, organizational design, and strategic governance, aimed at developing a comprehensive understanding of local tax administration.

### Systematic Literature Review Results

The local tax administration encompasses the management, regulation, and oversight of tax collection as mandated by the government to bolster regional income (*Pendapatan Asli Daerah/PAD*) and fund development and services at the local public level. Implementable strategies encompass revisions to tax data, the integration of technology like online tax systems, and improved public engagement and education concerning taxation.

Table 1. Summary of Selected Articles

No	Author/Year	Title	Research result
1	Wicklein (2022)	Modernizing Local Government Taxation in Indonesia.	Administrative reform tax structured local and support strong technical can, in a way, really increase the reception tax area, but so that the effect comprehensively requires improvement in capacity, technology, and coordination on a wider scale.
2	Belmonte-Martin et al. (2021)	Local tax management in Spain: A study of the conditional efficiency of provincial tax agencies.	Modernization institutions without accompanying improvement in operational capacity and adaptation to the local context. There is no automatic increase in efficiency management in tax regions , so tax reform areas need to adapt to socio-economic and administrative conditions in each region.
3	Viranitapw (2022)	Responsive tax administration model and tax compliance	Administration is dialogic, transparent, and based on taxation trust, capable of fostering tax morale and increasing the effectiveness of the taxation system through a partnership between the tax authority and the tax obligations.
4	Mugambi (2024)	Strategic Leadership and Good Governance in the Public Sector: A Case of County Governments in Kenya	Strengthening good governance in the public sector, the government must implement the principle of visionary leadership, integrity, and responsibility to answer strategically, as well as synergize long-term planning with transparent and interest-oriented governance practices.
5	Grace et al. (2024)	Tax Morale, Governance Quality, and Tax Compliance	Compliance tax not only involves problems with law or sanctions, but also reflects trust in social and state institutions. Therefore, the increased compliance tax requires governance reform that is oriented towards transparency, justice, and service. Credible public tax morale can grow in a sustainable way.
6	Tusubira (2023)	The Role of Social Norms in Tax Compliance Behavior of SMEs in Emerging	Improvement strategy compliance taxes in developing countries should not only focus on enforcement law, but also on forming a culture and social norms positively through

No	Author/Year	Title	Research result
		Economies Like Uganda	education, examples of good public, and campaign awareness collectively for compliance tax growth in a voluntary and sustainable.
7	Brockmeyer and Somarriba (2025)	Electronic Payment Technology and Tax Compliance: Evidence from Uruguay's Financial Inclusion Reform	Digitalization of payment is just not enough for repair compliance tax without strong incentives for companies to adopt technology, as well as effective audit policies. Digitalization needs to be accompanied by institutional and regulatory reforms that encourage participation in must-tax taxes and perpetrators.
8	Sudrajat et al. (2025)	Effective Local Government Organizational Structure in Improving the Quality of Public Services: A Literature Study	Effective institutional design supported by responsive and oriented governance results is a key improvement in the quality of public service and performance in the government area in a sustainable way.
9	Hesami et al. (2024)	Digital Transformation of Tax Administration and Compliance: A Systematic Literature Review on E-Invoicing and Prefilled Returns	Digital technologies such as e-invoicing and systems pre-filled form tax have their own potential to increase efficiency in tax administration and encourage tax compliance. However, the impact will be far stronger when accompanied by readiness institutions, technical capacity, and adequate infrastructure
10	Konte and Vincent (2021)	Mining and quality of public services: The role of local governance and decentralization	Quality of governance at the local level becomes a determining factor in the change potential of the economy, bringing real benefits for citizens. Without strong governance and systems, effective decentralization , wealth source Power precisely risky make things worse inequality and reduce trust in the government.

The systematic review summarized in Table 1 indicates that effective tax administration is strongly influenced by the integration of governance efficiency, digital transformation, and public trust. Lean governance principles emphasizing efficiency, transparency, and accountability enhance tax performance and service quality when supported by capable leadership and citizen participation. Digital tools such as e-invoicing and prefilled tax returns can reduce compliance costs and improve data accuracy, although their impact depends on institutional capacity and trust in tax authorities. Additionally, psychological factors, including tax morale, social norms, perceptions of fairness, and government integrity, play a critical role in shaping compliance. Evidence suggests that voluntary and service-oriented tax administration, which balances enforcement with improved public services, is more effective than penalty-based approaches alone (Nurbekova et al., 2024). Improving tax compliance and effectiveness requires not only technical reforms but also ethical, transparent, and community-oriented governance to achieve a fair, efficient, and sustainable taxation system.

Wicklein (2022) reports evidence from the TRAMPIL project in several Indonesian pilot regions showing that local tax administration reforms driven by digitalization, strengthened authority, improved human resource capacity, and better governance increased local tax revenues by 66%–110%, while also highlighting persistent constraints such as limited institutional capacity, poor data quality, and incomplete tax collection systems; the study emphasizes that sustainable tax modernization requires standardized procedures, integrated information technology, and strong coordination between central and local governments. Complementing this, Belmonte-Martin et al. (2021) find that the

efficiency of local tax institutions in Spain is largely determined by structural and regional characteristics, managerial capacity, effective use of information technology, and governance quality, rather than institutional form alone, noting that larger and more complex jurisdictions often face lower efficiency due to greater administrative burdens. Together, these studies underscore that successful local tax administration reform depends not only on digital tools but also on institutional strengthening, managerial effectiveness, and sound governance.

Viranitapw (2022) finds that tax compliance increases when tax administration adopts a responsive and balanced approach that integrates legal enforcement with public service, showing that systems focused solely on sanctions tend to produce coerced compliance, whereas responsive taxation based on education, transparency, incentives, and trust fosters more voluntary and sustainable compliance. Complementing this perspective, Mugambi (2024) demonstrates a strong positive relationship between strategic leadership and good governance in Kenyan local governments, with leadership explaining 69.2% of governance quality, particularly through ethical character and strategic vision, which are crucial for building transparent, accountable, and responsive public administration. Together, these studies highlight that effective tax governance and compliance depend on responsive administrative models supported by ethical, visionary leadership and strong governance capacity.

Grace et al. (2024) find that tax compliance in Nigeria is strongly influenced by tax morale and governance quality, where low morale, weak perceptions of public service outcomes, justice, and trust in government are associated with lower compliance, while accountability and transparency significantly enhance taxpayers' willingness to comply; the study recommends improving governance quality, simplifying tax procedures, and easing the burden on low-income groups to strengthen compliance. Complementing this, Tsubira (2023) shows that among SMEs in Uganda, social norms particularly perceptions that peers comply with tax obligations have a stronger and more direct effect on voluntary compliance than coercive measures such as penalties and audits, highlighting the importance of trust-based tax cultures, role models, and collective awareness campaigns in improving tax compliance in developing-country contexts

Brockmeyer and Somarriba (2025) show that fiscal incentives in the form of VAT rebates significantly increase electronic card-based transactions in Uruguay, yet fail to produce measurable improvements in firm-level tax compliance, indicating that digitalization alone is insufficient without broader coverage, integrated data systems, and effective audit mechanisms to generate reliable compliance gains. Complementing this, Sudrajat et al. (2025) find that organizational restructuring in Indonesian local governments through simplified structures, decentralized authority, and adaptive management can enhance efficiency and public service quality, provided it is supported by strategic leadership, Total Quality Management practices, and human resource empowerment. Together, these studies highlight that improvements in tax administration and public service performance require not only digital tools but also integrated organizational reform, managerial capacity, and strong governance practices

The systematic review shows that administrative tax reforms based on electronic invoicing and pre-filled return systems consistently reduce administrative and tax compliance costs, improve reporting accuracy, and support voluntary tax compliance, particularly when supported by strong institutional capacity, clear regulations, and adequate digital infrastructure. Complementing this, Konte and Vincent (2021) demonstrate that public trust and perceptions of government performance are strongly shaped by governance quality, where effective local taxation authority and sound revenue management can mitigate negative socio-economic perceptions, while corruption and weak governance significantly undermine these benefits. Together, these findings emphasize that digital tax innovations generate positive compliance and efficiency outcomes only when embedded within robust local governance and institutional frameworks.

The reviewed studies demonstrate that effective local tax administration and sustainable tax compliance depend on the integration of institutional, behavioral, and technological dimensions (Ricciuti et al., 2019; Nurbekova et al., 2024). Tax system performance is shaped not only by policy design and collection mechanisms, but also by governance quality, leadership integrity, public trust, and tax morale that support voluntary compliance. Digitalization and administrative modernization enhance efficiency, transparency, and reporting accuracy; however, their effectiveness is highly contingent on institutional readiness, bureaucratic integrity, and governance capacity. Overall, the literature emphasizes that organizational structure, strategic leadership, social norms, and service-oriented governance play a central role in strengthening local tax systems.

This synthesis also identifies several research gaps. First, prior studies predominantly examine direct relationships among governance, tax morale, and digitalization, with limited attention to mediation and moderation mechanisms, particularly the role of public trust (Durán-Cabré & Esteller-Moré, 2025; Belahouaoui & Attak, 2025). Second, empirical evidence on local-level digital tax reforms such as e-invoicing and prefilled returns remains limited in developing countries, underscoring the need for longitudinal and context-sensitive studies. Third, behavioral dimensions including social norms, ethical leadership, and local culture are underexplored despite their relevance for voluntary compliance (Gangl et al., 2019). Cross-country differences highlight the need for comparative approaches that account for governance quality, decentralization, and institutional capacity. In conclusion, the effectiveness of local tax administration emerges from complex interactions among governance, behavioral, and technological factors. Lean and transparent governance supported by strategic leadership enhances tax performance, while digital transformation improves efficiency when aligned with institutional quality and public trust. Strengthening tax compliance, therefore, requires an integrated approach combining institutional reform, digital innovation, and the reinforcement of ethical and trust-based public governance to achieve sustainable and equitable taxation systems.

### **Bibliometric Analysis Results**

Bibliometric analysis of graphs indicates that scholarly focus on the relationship among governance, local tax administration, and compliance must account for tax fluctuations; nevertheless, it reveals a general trend of enhancement over the past five years. In Figure 2, research in this domain was notably scarce in 2020; however, it experienced substantial growth during the 2021–2022 period, coinciding with advancements in fiscal reform and the digitalization agenda of public administration across multiple nations. Despite a minor decline in 2023, interest in academic returns surged significantly in 2024, coinciding with an increase in publications regarding digital tax transformation, lean governance, and trust in governance. The year 2025 indicates a slight decrease, yet still taller compared to the initial period, indicating that topic. This has evolved into a domain of growing significance and sustainable inquiry within governance and policy studies concerning taxation. This trend signifies a transition in research emphasis from technical administration and taxation to a multidisciplinary framework encompassing behavioral, institutional, and digital technology dimensions.

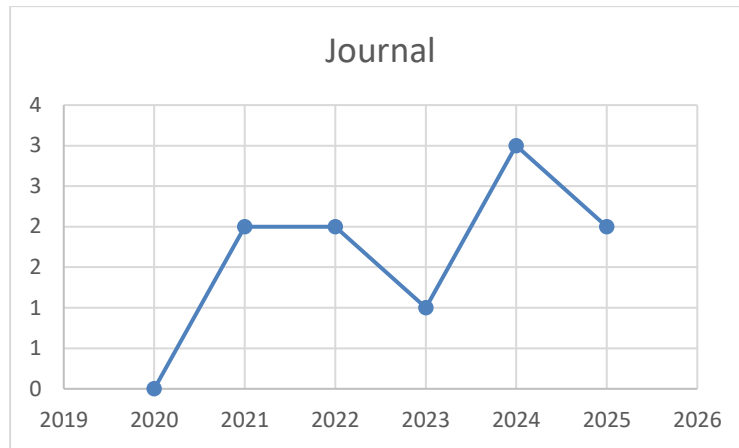


Figure 2. Distribution of Previous Research by Year of Publication

Rising trends indicate heightened awareness and focus within academia on the significance of efficient, transparent, and community-oriented governance technology in enhancing local tax administration and promoting adherence to tax legislation. Growing evidence indicates that researchers are increasingly examining the issue within the tax domain. Not only as a fiscal issue, but also as a fundamental component of public governance reform and sustainable economic development. This trend signifies a paradigm shift from a traditional law enforcement approach to a more responsive and collaborative strategy, prioritizing trust, integrity, and digital innovation in tax management. The heightened scientific interest indicates that the integration of governance quality, digital transformation, and tax compliance will persist and evolve into a strategic research agenda, particularly concerning fiscal decentralization and development sectors (Abdul et al., 2024).

This data set demonstrates considerable geographic diversity in contextual research, including various regions with unique economies and governance structures, spanning from developed countries like Spain and Canada to developing nations such as Indonesia, Kenya, Uganda, and Nigeria. This signifies that governance and compliance issues in taxation are relevant global phenomena, although the challenges and approaches vary according to institutional capacity and the fiscal maturity of each country. In developed countries, research focuses on institutional efficiency, digitalization, and the optimization of administrative taxation systems, while in developing countries, it emphasizes public trust, tax morale, bureaucratic integrity, and the impact of decentralization on fiscal performance. This improved academic understanding offers a comparative view of the interaction between governance, behavioral, and technological elements that enhance taxation effectiveness across various social, political, and economic contexts (Mohammed & Tangl, 2023).

Landscape bibliometrics indicate that research on governance, government, local tax administration, and compliance requires swift advancement, reflecting a growing trend towards interdisciplinary and solution-oriented policy. The study has broadened its scope beyond fiscal and technical aspects to include ethics, behavior, digital technology, and trust in public institutions. The release of enhancement figures over several years demonstrates that researchers are increasingly focusing on the interplay between good governance, digital transformation, and tax morality in establishing an efficient and sustainable taxation framework (Anggraeni, 2024). Furthermore, the landscape indicates a transition from the examination of macro national policy to investigations at the micro level, specifically within local and regional contexts, aligning with a fiscal decentralization agenda prevalent in numerous developing nations. The map study indicates that the integration of governance, digital innovation, and tax compliance will persist and remain central in future academic and practical public policy discussions.

## **DISCUSSION**

The results of the systematic and analytical bibliometric review indicate a clear evolution in the literature on local tax administration, where governance quality, digitalization, administrative design, and taxpayer compliance emerge as dominant and increasingly interconnected research themes. This evolution suggests that local tax administration is no longer viewed as a purely technical or coercive function, but rather as a multidimensional governance process that integrates behavioral, organizational, and institutional considerations. The upward trend in annual publications reflects a paradigmatic shift from traditional enforcement-based tax administration toward more adaptive, participatory, and trust-oriented governance models. This finding is consistent with the responsive taxation framework proposed by Demin (2022), who emphasizes that compliance is more sustainable when enforcement mechanisms are balanced with education, transparency, and service-oriented interactions between tax authorities and taxpayers.

The review further confirms that lean governance, characterized by institutional efficiency, transparency, reduced bureaucratic complexity, and strategic leadership, positively influences tax administration performance and public service quality. From an organizational design perspective, these attributes function as enabling conditions that reduce administrative friction, improve decision-making, and enhance institutional credibility. This aligns with the findings of Sudrajat et al. (2025), who demonstrate that organizational restructuring, decentralization, and adaptive management significantly enhance responsiveness and accountability in local governments. Similarly, Belmonte-Martin et al. (2021) show that institutional efficiency in local tax administration depends less on formal organizational autonomy and more on managerial capacity, governance quality, and the effective use of information technology. These findings reinforce the argument that organizational capacity acts as a mediating factor between governance reforms and taxpayer compliance outcomes.

Digital transformation emerges as a critical enabler of administrative effectiveness, particularly through instruments such as e-invoicing systems, prefilled tax returns, and integrated tax databases. Within the proposed conceptual framework, digitalization functions as a strategic governance tool that enhances transparency and service accessibility while simultaneously reshaping interactions between tax authorities and taxpayers. These findings corroborate the empirical evidence from Brockmeyer and Somarriba (2025), who show that while digital payment incentives significantly increase electronic transaction usage, their impact on firm-level tax compliance remains limited without comprehensive system integration and audit mechanisms. This indicates that digitalization alone is insufficient; its effectiveness is contingent upon institutional readiness, data interoperability, and governance capacity.

The review also highlights notable differences between developed and developing countries. In developed contexts, digitalization contributes to efficiency gains and reduced compliance costs due to mature institutional frameworks. In contrast, developing countries face persistent structural constraints, including limited human resource capacity, fragmented systems, and weak supervisory mechanisms. These findings resonate with Tsubira (2023), who demonstrates that social norms and trust-based mechanisms exert a stronger influence on voluntary tax compliance than coercive enforcement among SMEs in developing economies. Likewise, Konte and Vincent (2021) show that poor governance environments marked by corruption and low institutional trust significantly weaken the positive effects of local fiscal authority and public service provision. These findings underscore the importance of contextualizing tax administration reforms within broader governance and socio-cultural environments.

From an analytical standpoint, these findings reinforce the view that tax compliance is a multidimensional phenomenon shaped by the interaction of governance quality, individual behavior, organizational structure, and technological innovation. This interaction reflects the core logic of the Adaptive Local Tax Compliance Framework (ALTCF), which posits that sustainable compliance emerges from the alignment of social-

psychological trust mechanisms, organizational capacity, and strategic governance instruments. The implication for policy and research is that strategies to improve local tax compliance must be context-sensitive and adaptive, aligning institutional design and digital tools with socio-economic conditions and levels of governance maturity. For practitioners, this study underscores the importance of integrating fiscal reform with investments in governance capacity, ethical standards, public service quality, and tax literacy to build long-term public trust and fiscal legitimacy.

## CONCLUSION

This systematic and analytical bibliometric review demonstrates that the effectiveness of local tax administration and taxpayer compliance is shaped by the dynamic interaction between governance quality, digital transformation, and societal behavioral factors. Lean governance principles, characterized by efficiency, transparency, and accountability, contribute to improved fiscal performance when supported by strategic leadership and meaningful public participation. Digital instruments such as e-invoicing and pre-filled tax returns enhance administrative efficiency and data accuracy; however, their success is highly dependent on institutional readiness, human capital capacity, resource availability, and public trust in tax authorities. In parallel, behavioral dimensions, including tax morale, social norms, and institutional trust, play a decisive role in fostering voluntary compliance, underscoring that tax adherence is driven not only by enforcement mechanisms but also by perceptions of fairness, legitimacy, and ethical governance.

The findings imply that policy efforts to improve tax performance should adopt an integrative approach that combines institutional reform, digital innovation, and behavioral strategies to build an adaptive, equitable, and sustainable taxation system. From a practical perspective, strengthening governance capacity and cultivating public trust are as critical as technological upgrades in ensuring long-term compliance. Nevertheless, this study is subject to limitations, including reliance on secondary literature and the dominance of cross-sectional evidence, which constrains causal inference and contextual depth. Future research is therefore encouraged to explore longitudinal and empirical analyses, particularly in developing-country settings, to examine the mediating role of trust in the relationship between governance, digitalization, and tax compliance, and to develop context-sensitive governance models that support sustainable local revenue systems.

**FUNDING STATEMENT:** This research did not receive any specific grant from funding agencies in the public, commercial, or not - for - profit sectors.

**CONFLICTS OF INTEREST:** The author declares no conflict of interest.

**DECLARATION OF GENERATIVE AI STATEMENT:** During the preparation of this work the author(s) used ChatGPT, Grammarly, and Turnitin in order to enhance readability, check grammatical consistency, and evaluate textual similarity. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the content of the publication.

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