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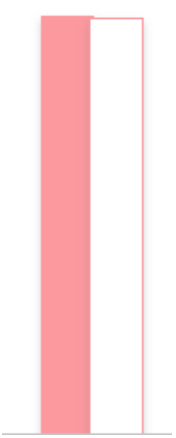
INFLUENCE OF CULTURE DIMENSIONS ON TAX AVOIDANCE: HOFSTEDE & GLOBE MODELS APPROACH

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Resumo

Este texto visa investigar a possibilidade da aceitação de situações de evasão fiscal de um país possuir uma origem cultural e, nesse caso, esclarecer quais as características que poderão ser de maior influência. Por conseguinte, dois modelos foram desenvolvidos com a intenção de compreender melhor tais factos: o primeiro, baseado no estudo universal de 2004, GLOBE, e o segundo que assenta sobre os trabalhos de Geert Hofstede (2010). O fundamento teórico está alicerçado nos pilares da Teoria da Anomia Institucional. Os inquéritos realizados pela organização World Values Survey foram utilizados como proxy para medir o grau de tolerância a situações de evasão fiscal, que consequentemente serão relacionados com as dimensões culturais dos modelos. A amostra final conta com um total de 37 países localizados por todos os 5 continentes. Os resultados mais relevantes demonstram que sociedades mais individualistas, com mais distanciamento de poder e menos masculinas toleram mais frequentemente situações de evasão fiscal. Ao contrário do esperado, a dimensão do evitamento de incerteza não demonstrou nenhuma relação significativa com o grau de aceitação de tais situações.

Palavras-chave: Cultura; Evasão fiscal; Hofstede; GLOBE; Anomia

Abstract

This text aims to investigate whether a country's tax evasion situation acceptance has a cultural root, and if so, whose characteristics may be of major influence. Hence, two models were developed with the intent to better understand those facts: one based on 2004 universal study GLOBE, and the second where the components were based on Hofstede 2015 research instead. The theoretical framework is essentially constructed under tenets of Institutional Anomie Theory. World Values Survey inquiries were used to measure the extent to which people justify tax cheating, which then would be regressed with the cultural measures. The final sample accounts for a total of 37 countries across all 5 continents. The most important findings supported that more individualistic, with higher power distance levels, and less masculine societies are the ones that display tolerance more frequently towards tax evasion behaviors. Contrary to our expectations, uncertainty avoidance dimension showed no significant relation to the acceptance of such situations.

Keywords: Culture; Tax evasion; Hofstede, GLOBE; Anomie

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List of Abbreviations

ASTV - Assertiveness

INGRC - In-Group Collectivism

INSTC - Institutional Collectivism

FUT - Future Orientation

GEN - Gender Egalitarianism

HUM - Humane Orientation

PRF - Performance Orientation

PD - Power Distance

UA - Uncertainty Avoidance

IND - Individualism/Collectivism

MAS - Masculinity/Femininity

INDUL - Indulgence/Restrain

LONG - Long term orientation/Short term orientation

TM - Tax Morale

IAT - Institutional Anomie Theory

WVS - World Values Survey

1. Introduction

Throughout this paper, our aim is mainly to investigate whether tax evasion has a cultural connection and if so, which dimensions are the most influential when it comes to the moment one decides whether to cheat or not on their tributes.

Tax evasion, whether through underreporting income or completely avoiding taxes, has been extensively studied. According to Murphy (2019), the estimated level of evaded taxes in European countries for the year 2015 ascended to the total of 823,5 billion euros (Italy – €190,9bn (#1), Germany – €125,1bn (#2), France – €117,9bn (#3), Portugal – €11bn (#14) and Malta - €0,9bn (#28) (Al Karaawy & Al Baa, 2018)). However, not that many authors in the past investigated its possible cultural roots. Yet, even the ones which conducted notorious studies and presented meaningful insights, most were published over 10 years ago (Porcano, 1988; Richardson, 2008; Tsakumis et al., 2007). Although this does not mean their conclusions could be outdated, it always offers added value to have up-to-date research proving such results are still actual.

Culture is an abstract concept that we all use regularly in our daily lives, despite being ambiguous to describe with precision. The Dutch psychologist Geert Hofstede, was one of the first academics to conduct a large-scale investigation in order to assemble cultural traits. He popularly described culture as “the collective programming of the mind which distinguishes the members of one human group from another”, which is until today one of the most cited and universally acclaimed definitions (Hofstede et al, 2010).

Following this, a new study arose over Hofstede’s framework, commonly abbreviated as GLOBE - Global Leadership and Organizational Behavior Effectiveness - which introduced a differentiation between cultural practices and values, and expanded the cultural dimensions by incorporating additional factors, including societal values, leadership styles, and practices, in order to provide a more comprehensive understanding of cultural differences in leadership and organizations (House et al., 2004). These conclusions are the result of data collected from more than 17.000 middle managers, from around 950 organizations in diverse sectors, of a total from 63 countries - opposed to the Hofstede Survey where only IBM’s white collars were inquired.

Hence, the bridge we found between a country's culture and its levels of tax avoidance was the concept of "tax morale", which pertains to individuals' attitudes towards taxation and varies among countries. It suggests that cultural norms and societal institutions can shape taxpayer values and behaviors. Understanding the factors behind these variations in tax morale is challenging due to their complex nature (Alm and Torgler, 2006).

Considering the aforementioned, the contribute we intend to bring to this field of the Social Sciences rely on testing both models' variables through an OLS regression to a Tax Morale variable concluding which are the actual and relevant determinants of this deviant behavior and which cultural model is the most suitable to future researches of this nature. The remainder of the paper is divided into six parts: (1) Introduction, (2) Literature review, (3) Hypothesis, (4) Methodology, (5) Discussion and (6) Conclusion.

2. Literature Review

When talking about tax evasion it is important to understand in the first place, why would a taxpayer, whether individual or collective, choose to non-comply with his country's fiscal law. As Allingham and Sandmo (1972) discussed in their paper, tax non-compliance relies on its expected costs and benefits, where the benefits emerge from the individual marginal tax rate and true individual income, opposed to the expected costs which arise from state's efforts to deter those practices, such as auditing activities that increase the likelihood of getting caught, and the fines that individuals may face as a consequence. Governments face significant repercussions from successful tax evasion. In addition to the immediate impact on current revenue streams, such actions also lead to widespread disillusionment with the taxation system and pose a substantial threat to voluntary compliance (Clotfelter, 1983).

This is where culture may play its role. Popularly defined as collective programming of the mind (Hofstede, 2001), various constructs were developed over the last decades in order to approach the way we would think or behave in similar situations. This partially shared programming has been labeled at three different levels: (1) *universal level* - which includes biological deeds such as laughing and weeping, associative and aggressive behaviors, thus transversal activities to humankind as a whole; (2) *collective level* - where fits our language of expression or the deference we show to our elders, since it is shared by people belonging to a certain group or category; and finally (3) *individual level* - that encompasses individual personality and provides for the wide range of alternative behaviors for within the same collective group.

The same author also argues that this shared mental programming is prone to stay stable over time, although recognizing that technological breakthroughs can bring some more tolerance for different ideas (Hofstede, 2001). However, some other scholars have shown some evidence that culture may be changing at a faster pace than what was initially expected. Some argued that more recent values of dimensions such as Indulgence (item no. 12) and Individualism (item no. 1 and no. 2) did not correlate with previous scores initially collected by Hofstede, thus indicating that the values expressed in these items may lie outside the scope of the cultural dimensions (Gerlach & Eriksson, 2021). Others presented longitudinal approaches, where different sets of values were grouped by decades, hence providing information about culture changes and external factors (Taras et al., 2012). This

last paper concluded that Hofstede's scores have been decreasing their precision with a diminishing strength in each subsequent decade, thus raising doubts about the accuracy of the well-known statement "there is no reason they [country dimensions] should not remain recognizable at least until 2100" (Hofstede, 2001).

On the foundations of this reasoning is the research output of Bourdieu (1977), which first approached the concept of habitus - a set of dispositions, attitudes, and behaviors that are acquired through socialization and that shape an individual's perceptions, preferences, and actions. The author also argued that the habitus is deeply rooted in social structures, such as social class and education, and that it is shaped by cultural factors such as language, symbols, and practices. Thus, this can be seen as a relevant starting point for understanding to what extent tax immorality can be included as a resulting cultural value or/and behavior.

As a means to better comprehend the idea behind our outcome variable - tax morality - we proceed to the depiction of this concept according to previous academic research. Morality can be simply defined as the difference between right and wrong, linked to concerns about justice, fairness, and harm (Turiel, 2002). Hence, individuals or social practices that are deemed moral are those that follow principles of procedural fairness and justice, avoiding to harm others, and may even actively promote others' welfare. When used in this sense, a definition of morality (either folk or philosophical) is established beforehand, and then individuals, groups, or social arrangements are placed along a continuum based on how moral they are perceived to be. Examples of such approaches include the work of Kohlberg (1981), Sayer (2011), Stets and Carter (2012), and Hitlin (2013). Despite being used interchangeably frequently, *moral* and *ethics* can understand subtle differences. Churchill (1982) defined *ethics* as the application of moral values and codes to complex problems using a rational decision-making process. As such, *ethics* is concerned with how individuals apply these moral values and codes when facing an ethical dilemma. Parboteeah et al. (2005), followed this reasoning in their research and raised the question: will an individual cheat on taxes if given the opportunity to do so?

We recognize this question is somehow unanswerable, so our objective is only to contribute to the continuous research on this field by providing some new and valuable insights. Thus, we develop our interest variable - tax morality - which consists in the degree to which people tend to find it acceptable to evade taxes in certain situations. As a result, it

is relevant to shed light on several works where scholars have tried to address this same issue in the past. Different from the most studies where the focus is placed at the understanding of unethical outcomes such as piracy or other deviant behaviors (e.g. Husted, 2000; Lilly et al., 2002), in the present study we are more attentive to the early steps in the moral reasoning process that leads to unethical behaviors, similarly to the research conducted by Parboteeah et al. (2005). Cullen et al. (2004) broadly defined a similar variable and termed it “the willingness to justify ethically suspect behaviors” which included seven items of WVS, whereas in the present paper we will focus only on the specific deviant behavior of evading taxes (item Q180).¹

In what concerns to the relationship of culture with ethics and decision-making, Vitell et al. (1993) posit that culture should be closely linked to ethics, as they can affect the way individuals perceive ethical situations, norms for behavior, and ethical judgments, among other factors and therefore, societies that differ in terms of the cultural dimensions are likely to have differences in the various aspects of their ethical decision-making. Although we may think that culture can shape one’s perception of desired values in a positive sense, some societies may create environments where more egoistic values are encouraged. Following the principles of Anomie theory, individualism places personal objectives over social relationships which may result in more self-centered ethical decision-making. (Cullen et al., 2004).

On the theoretical blueprint of this reasoning are the tenets of Institutional Anomie Theory (IAT). According to its author, Robert K. Merton proposes that individuals usually strive to achieve socially accepted objectives. However, when certain groups or individuals are unable to access these goals, a state of anomie arises. This leads to deviant behavior that may manifest as rebellion, retreat, ritualism, innovation, or conformity. Merton suggests that crime is primarily a consequence of innovation. (Merton, 2001). IAT points out that some cultural traits are more prone to be linked to deviant behaviors: achievement, individualism, universalism, and pecuniary materialism (Messner & Rosenfeld, 1994). These are loosely derived from measures such as individualism, performance orientation,

¹ differences in their methodology compared with present paper will be pointed out in more detail in chapter 4.

assertiveness and humane orientation, and are common both to GLOBE and Hofstede. Thus, the theory proposes these cultural values lead to a state of anomie that promotes self-centered pursuit of goals, without regard for the ethical implications of the methods employed to achieve them.

Previously, some authors made efforts towards finding possible cultural roots when regarding national tax evasion. Tsakumis et al. (2007) claims itself as the first study to employ Hofstede's cultural framework as an explanator of international tax compliance diversity, thus admitting the existence of several limitations. Their main findings advocate that all the first four Hofstede's cultural dimensions are related to the propensity to evade taxes, presenting Uncertainty Avoidance and Power Distance with a positive relationship, while Individualism and Masculinity have shown a negative relationship. Richardson (2008) built a model upon the last, introducing some new variables outside the scope of culture. His main conclusion was that cultural dimensions may not be the most important sort of determinants, since other factors such as legal enforcement, trust in government and religiosity also proved to have an important link to tax evasion. So, identifying the primary cause of tax evasion could be challenging due to the complex and ambiguous nature of the issue. More recent studies showed partially inverted results, where societies with higher levels of Power Distance and Individualism were more likely to tolerate tax evasion, whereas those with higher Uncertainty Avoidance in most cases disapproved of this behavior. Masculinity did not show to be statistically significant to this study (Bani-Mustafa et al, 2020).

In the year 2004, House et al. presented some critics to Hofstede's model, alternatively introducing a new model known by the name of GLOBE - acronym to Global Leadership and Organizational Behavior Effectiveness - counting with 9 cultural dimensions, covering similar fields than the previous model. Some of the novelties of this new approach include the distinction between *cultural practices* and *cultural values*: the first are related to "the way things are done in this culture" whereas the latter could be defined as "the ways things should be done" (House et al. 2004). In addition, this study was conducted throughout different levels of industry, such as financial services, food processing and telecommunications, counting with the participation of 17,300 managers of 951 different organizations, to an extent of 62 nations, thus presenting itself as a strong opposer to challenge the generally acclaimed Hofstede model. Some of the objections this new model

points out from the classic one includes the fact that data could be outdated, dimensions such individualism and collectivism do not lie exactly on opposite ends of the same spectrum, high correlation between power distance and individualism dimensions, and absence of face validity for the masculinity dimension (House et al. 2004).

Following the emergence of this more updated model, some academics attempted to address its relationship to cross-national tax ethics with the respective cultural dimensions. Parboteeah et al. (2005) conducted one of the first studies to present a link of some of these new dimensions with tolerance of ethically suspect behaviors. Their main findings indicate that four out of the six dimensions they initially believed to be related to those behaviors were statistically significant, namely Assertiveness, Uncertainty Avoidance both showing a positive relationship and Institutional Collectivism, Power Distance with a negative relationship. The author recognized having some lack of theoretical explanation for the results, however.

Actually, one of the few general consensuses on studies of this nature consists that more individualistic cultures would be more prone to focus on the results rather than on the means to achieve them, while the other dimensions present mixed results and even sometimes contradictory results. For example, Bame-Aldred et al (2013), had mostly similar methodology with the previous ones, despite focusing on the specific deviant behavior of tax cheating, although noting an inverse relationship from Assertiveness - also contrary to the tenets of IAT theory. One plausible reason for this unexpected outcome was that companies within more assertive environments, would prefer to hire aggressive tax advisors in order to take advantage of eventual gaps on the law, thus taking less-risky decisions without engaging in illegal activities at the same time, what could actually stay out of the scope of tax avoidance (Erard, 1993).

Finally, it is important to keep in mind that culture itself would never explain the overall tax avoidance behaviors and respective cross-national differences. Factors such as institutional (e.g., rule of law, corporate tax rates), demographic (e.g., firm size, audit likelihood), or attitudinal (e.g., tax fairness, perceived burden) have also tried to be linked to deviant behaviors. (Richardson, 2006). When controlling for those other factors, culture's influence seems to be no more important than the others, or at least not as much as we may think at first. In fact, by not taking into account these institutional, demographic, and attitudinal

factors, it is possible for researchers to mistakenly attribute the influence of cultural values on tax evasion or overlook the more intricate cultural impacts on tax evasion. Therefore, controlling for these features would help to avoid such inaccuracies and provide a more accurate understanding of the role of culture in tax evasion (Bame-Aldred et al, 2013). In addition, trust in the parliament as well as in the legal system as a whole, have also been proved to have a relevant impact on the individual willingness to pay taxes (Alm and Torgler, 2006).

Considering all of the depicted elements, we proceed to hypotheses formulation.

3. Hypotheses and Purpose

The purpose of the paper is to explore among GLOBE culture and leadership dimensions and among Hofstede culture dimensions which of them have an actual impact on a country's tax morality. In addition, this study could be useful to better understand which of those models is the more suitable when researching matters of this nature.

Based on IAT research and in the cited framework, the hypothesis considered for GLOBE's model are:

H1.1: Country-level institutional collectivism relates positively to the belief of tax evasion being a never justifiable action

Collectivism is a fundamental dimension that distinguishes cultures and has garnered significant attention from sociologists and cross-cultural psychologists. It explores the extent to which identity is centered around the self or the collective, and examines the dynamics between individuals and groups (Hofstede, 2001; Trompenaars & Hampden-Turner, 1998). The GLOBE study introduced the term "institutional collectivism" to describe the collectivistic end of the individualism-collectivism continuum, as it measures this construct at both societal and organizational levels (House et al., 2004).

In collectivistic cultures, people find their identity and status through group memberships, such as social class, community, religion, or family. Their actions prioritize the goals of the group, emphasizing sharing, cooperation, and group harmony (Hofstede, 2001).

Institutional collectives place greater value on group loyalty and harmony rather than individual accomplishments (House et al., 2004). Previous research indicates that the relationship between collectivism and unethical behavior depends on the specific practice being examined (Cohen et al., 1996). For example, Husted (2000) argued that individuals in more collectivist cultures are more inclined to engage in software piracy due to their willingness to share software within their in-group. However, when it comes to justifying ethically questionable behaviors, i.e., when the focus is on the underlying ethical reasoning more than in the actual practice, it is plausible to argue that collectivism is negatively associated with such tendencies. Generally, collectivistic societies tend to have lower tolerance for deviations from group norms (Triandis and Bhawuk, 1997). Since tax evasion represents an ethically deviant behavior from societal norms, we anticipate that individuals

from collectivist societies will exhibit less tolerance for this behavior. Moreover, individuals in collectivist societies are also less inclined to justify ethically questionable behaviors to avoid causing harm to fellow group members (Parboteeah et al, 2005).

H1.2: Country-level performance orientation relates negatively to the belief of tax evasion being a never justifiable action

Performance concerns evaluating one's value as an individual based on the results achieved through one's efforts (Trompenaars & Hampden-Turner, 1998). Hence, in cultures where achievement values are prominent, there is a higher emphasis placed on the outcomes that reflect personal objectives, and lesser importance is given to the methods utilized to achieve them. As Messner and Rosenfeld (1994) stated that those cultural traits are “conducive to the mentality that ‘it’s not how you play the game: it’s whether you win or lose’”. Therefore, we anticipate that in highly performance-oriented societies, there will be a greater tendency for individuals to rationalize morally questionable actions. Since personal success and individual accomplishments are highly esteemed, people are more inclined to justify behaviors that are commonly regarded as unethical, as is the case of tax evasion. On the other hand, in societies with low emphasis on achievement and a strong focus on social and familial connections, individuals are less likely to justify morally suspect behaviors (House et al., 2004).

H1.3: Country-level assertiveness relates negatively to the belief of tax evasion being a never justifiable action

Cultural assertiveness pertains to the beliefs and attitudes surrounding the encouragement or desirability of assertive, aggressive, and tough behaviors versus non-assertive, non-aggressive, and tender behaviors in social interactions (House et al., 2004: 395). While Assertiveness may appear similar to Performance Orientation, it is important to note that the latter primarily focuses on achievement and success within societies, whereas the former primarily relates to interpersonal dynamics. Assertiveness involves communicating clearly one's desires, rejecting unwanted requests, and expressing intentions in a direct and unambiguous manner (Booream and Flowers, 1978). In contrast, passive behavior is the opposite of Assertiveness (Crawford, 1995). Thus, Assertiveness can be considered a learned behavior influenced by culture, with passivity as its opposite (Parboteeah et al. 2005).

According to House et al. (2004), assertive societies tend to exhibit competitiveness, value success, and perceive others as inherently opportunistic. Because assertive societies place a strong cultural emphasis on achievement, individuals within these societies are more prone to justifying morally dubious actions (Cohen et al., 1996). Such societies foster ambition, competition, and the perception that others prioritize their own interests. Consequently, individuals may feel compelled to adopt self-interested and unethical behaviors as means to attain success (Parboteeah et al. 2005).

On the other hand, in more passive societies, individuals prioritize cooperation and relationships. These societies emphasize harmony, leading to a reduced willingness to justify ethically questionable behaviors (Parboteeah et al. 2005).

H1.4: Country-level humane orientation presents a significant relationship to the belief of tax evasion being a never justifiable action

IAT defines pecuniary materialism as one of the characteristics that promote the emergence of deviant behaviors (Messner & Rosenfeld, 1994). On the other hand, a masculine society values the most traits such as achievement, heroism, assertiveness, and material rewards as a measure of success (Hofstede et al, 2010). With special regard to the last, we assume that there should exist a positive link between materialism and masculine attributes. Since GLOBE's humane orientation dimension can be seen as an inverse measure of masculinity dimension, we cannot predict the direction of the relationship due to reasons depicted in H2.3. However, we strongly believe the two variables would present an inverse signal for the tests where they are employed separately, but also shown as significant in both cases.

H1.5: Country-level power distance relates negatively to the belief of tax evasion being a never justifiable action.

Similar to Richardson (2008), we predict Power Distance to be inversely related to Tax Morale. In high Power Distance countries, people tend to accept the existence of social inequality, perceiving the wealthy and those in positions of power granted with special privileges (Hofstede, 2010). In addition, taxation seems to worsen the situation as they protect the upper class promoting even more inequality (Hofstede, 2010, p.78). Hite and Roberts (1992) discovered that individuals' perceptions of a tax system being unbiased are

significantly associated with fairness, and that fairness has a negative correlation with tax evasion.

The remaining dimensions on the GLOBE model are not directly related to the IAT theory, but were still included in middle tests in order to examine if they could have any actual effect on the sample.

H1.6: Country-level uncertainty avoidance relates negatively to the belief of tax evasion being a never justifiable action.

The concept of uncertainty avoidance revolves around the level of comfort with uncertainty and ambiguity within a nation. In countries with high Uncertainty Avoidance, there is a diminished tolerance for these concepts. This leads to the development of rule-based societies where numerous written laws and regulations are in place to minimize uncertainty and ambiguity (Hofstede, 1980, 184). Consequently, the tax systems in such countries tend to be intricate due to the necessity for a multitude of written tax laws and regulations aimed at reducing uncertainty and ambiguity. In this context, individuals often perceive tax systems as being complex and, as a result, engage in tax evasion (Richardson, 2008). In contrast, in countries with low Uncertainty Avoidance, there is a lesser emphasis on dealing with uncertainty and ambiguity. In fact, there is a preference for minimal written laws and regulations (Hofstede, 1980, 184). As a result, the tax systems in such countries tend to be straightforward since there is less reliance on written tax laws and regulations. As a consequence, individuals tend to perceive tax systems as uncomplicated, leading to a higher level of tax compliance (Long & Swingen, 1991).

Based both on IAT and Hofstede research, the hypotheses for Hofstede's model are:

H2.1: Country-level power distance relates negatively to the belief of tax evasion being a never justifiable action.²

H2.2: Country-level individualism relates negatively to the belief of tax evasion being a never justifiable action.

² Since power distance common to both models and its development is highly similar, we assume that the same literature background can be used to support this same dimension even though they are constructed by two different models.

Individualism is a cultural value that emphasizes personal goals over collective ones, leading to a disconnection from the community and a decline in social control. In such cultures, individuals prioritize their own interests over group interests and are more likely to make decisions that serve their own purposes. The focus is on the self rather than shared goals or values (Trompenaars & Hampden-Turner, 1998). Hofstede (2001) stated that individualistic nations comprise more accentuated attributes of autonomy, self-sufficiency, and competitiveness. In accordance with the IAT, in cultures that prioritize individualism, the influence of competition could make people feel compelled to overlook conventional moral constraints in their aim for personal achievement (Messner & Rosenfeld, 1994).

H2.3: Country-level masculinity presents a significant relationship to the belief of tax evasion being a never justifiable action.

Masculinity pertains to the extent to which a country reinforces traditional male roles emphasizing achievement, control, and power. In high masculinity countries, individuals strive for personal success in terms of ego enhancement, wealth, and recognition (Hofstede, 1980, 294). They prioritize material prosperity in a perceived unfair world (Hofstede, 2001, 321). On the other hand, in low masculinity countries, individuals pursue achievement through the quality of relationships, life experiences, and environmental considerations. They prioritize caring for others, nurturing values, and generally perceive the world as a just place that should provide a basic standard of living for everyone (Hofstede, 2001, 317–318).

Husted (1999) argues that the strong focus on material success in high Masculinity countries increases the likelihood of people engaging in corrupt activities in their pursuit of wealth. He establishes a positive correlation between masculinity and corruption across different countries. Therefore, it is reasonable to hypothesize that the prioritization of material success in high Masculinity countries would lead to a higher tolerance for tax evasion compared to low Masculinity countries, where greater emphasis is placed on the quality of relationships, life experiences, and environmental concerns. Thus, we can assume the Masculinity variable in this model shares some considerable similarities with the previously depicted variable Humane Orientation (H1.2).

However, Tsakumis et al. (2007, 138) propose an alternative hypothesis that counters this view. They suggest that in high masculinity countries, where material success is highly valued, there exists a culture of boasting and showing off. Consequently, individuals in these societies may be more conscious of fulfilling their tax obligations due to increased visibility and the potential for greater scrutiny from tax authorities (e.g., a higher likelihood of audits). This notion finds support in Hofstede's research (2001, 319), which reveals a significant negative correlation between masculinity and the National Permissiveness Index. This indicates that high masculinity countries are less tolerant, particularly when it comes to dealing with individuals who break the law (Tsakumis et al., 2007, 138).

H2.4: Country-level uncertainty avoidance relates negatively to the belief of tax evasion being a never justifiable action.³

Likewise, the remaining dimensions for Hofstede's model - indulgence and short-term orientation - are only included in middle statistical tests, due to the lack of literature background that could support possible hypotheses about their relationship with deviant behaviors. These tests prove what we would expect - there is no significant relationship between the remaining dimensions and our tax evasion variable, which will be described in more detail in (6) section.

³ Uncertainty Avoidance is also present in both models and have its development is highly similar, so we will also assume that the same literature background can be used to support this same dimension even though they are constructed by two different models.

4. Methodology

4.1 Sample

Whereas GLOBE's Model offers information for 99 countries, Hofstede's Model only has full information about the six dimensions for a total of 65 countries. In addition, for the dependent variable - tolerance to tax evasion - provided by the database World Values Survey, there are insights available for 90 territories, regarding the wave 7 of data, gathered from 2017-2022.

Some nuances between the names of different regions in each database were found, so several correspondences were conducted in order to simplify the analysis. In the original GLOBE data, distinction is made between West Germany and East Germany. Since our objective in this job is to match cultural dimensions with the most recent values for Tax Morale, thus we opt to include the values only referent to West Germany, as some historians consider it as being the most influential in modern Germany (Schulze 1996: 263-265; Kocka 1995: 32).

Hence, considering only the common available countries data, the final sample accounts with a total of 37 nations: Argentina, Australia, Austria, Brazil, China, Colombia, Denmark, Finland, France, Greece, Germany, Hong Kong, Hungary, Indonesia, Iran, Italy, Japan, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Philippines, Poland, Portugal, Russia, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, United States, Venezuela.

4.2 Variables and Data Sources

4.2.1 Dependent Variable

Our hypotheses pertain to the influence of national cultural dimensions on the levels of tax evasion observed in different countries. Since it is impossible to directly determine the actual extent of evasion, studies on tax evasion (tax compliance) rely on alternative indicators. These indicators may include hypothetical scenarios or individuals' perceptions

of evasion. In some cases, government estimates of evasion are also utilized. No single measure has been proven superior to others in assessing tax evasion.

Contrary to Cullen et al. (2004), where the variable of analysis is the mean of the degree to which an individual justifies an ethically suspect behavior in a 1-10 scale, here our dependent variable was only the percentage of respondents who believe that evading taxes is “never justifiable”, corresponding to the lower end of the scale (score 1). This difference relies on the fact that in the particular case of tax evasion responses, a considerable majority of answers formed a cluster around the lower value (score 1). In 33 of the 37 countries we account for in the present study, more than 50% of respondents believe that evading taxes is a never justifiable behavior.⁴ Thus, our dependent variable - Tax Morale - has been constructed based on the answers to the question “V201.- Justifiable: Cheating on taxes” presented on World Values Survey.

Alm & Torgler (2006) had a similar approach with the one we present. There, the answers were binary classified, assuming 1 value when the respondent chose score 1 “never justifiable” and assuming 0 when he chose any other value between 2 and 10. The only difference to our approach is that we opt to not handle the surveys individually as they did in their research, instead here we pick the final statistics of the answers available in WVS. Thus, when we say that our dependent variable is the percentage of respondents who chose the 1-score from the questionnaire, it would be as much as the same as defining it as the percentage of the total of surveys that got the 1-value, if following the Alm & Torgler (2006) approach.

2.2.2 Independent Variables

The explanatory variables for GLOBE’s Model are defined in Table 1.

⁴ Malaysia, Mexico, Philippines and Russia are the only exceptions.

Variable	Definition	Source	Predicted Signal
Assertiveness (ASTV)	Relates to the level of individuals' inclination to assert themselves, engage in direct communication, and display a proactive and confident approach in social interactions within organizations or societies.	House et al, (2004)	(-)
Institutional Collectivism (INSTC)	Refers to the extent to which organizational and societal practices promote and incentivize the sharing of resources and collective efforts.	House et al, (2004)	(+)
In-Group Collectivism (INGRC)	Measures how much individuals show strong loyalty, pride, and unity within their organizations or families.	House et al, (2004)	(?)
Future orientation (FUT)	Reflects the extent to which individuals within organizations or societies exhibit behaviors that prioritize and plan for the future, which may include activities such as strategic planning, making long-term investments, and demonstrating the ability to delay immediate personal or collective gratification.	House et al, (2004)	(?)
Gender Egalitarianism (GEN)	Measures the extent to which an organization or society reduces gender-based distinctions and promotes equal treatment and opportunities for all genders.	House et al, (2004)	(?)
Humane Orientation (HUM)	Denotes the extent to which individuals in organizations or societies value and promote fairness, altruism, generosity, and kindness towards others. It reflects the emphasis placed on treating others with compassion and consideration, and the recognition and reward given to individuals who exhibit these qualities.	House et al, (2004)	(+)

Performance Orientation (PRF)	Encompasses the extent to which an organization or society fosters an environment that motivates and recognizes individuals for their efforts in achieving higher levels of performance and excellence. It reflects the emphasis placed on continuous improvement, setting and surpassing goals, and rewarding outstanding achievements within the group.	House et al, (2004)	(-)
Power Distance (PD)	Measures how much individuals in an organization or society anticipate and accept the stratification and concentration of power at higher levels within an organization or government.	House et al, (2004)	(-)
Uncertainty Avoidance (UA)	Refers to the degree to which individuals in an organization or society attempt to minimize uncertainty by relying on established social norms, rituals, and bureaucratic procedures. In cultures with high uncertainty avoidance, people actively work to reduce the likelihood of unpredictable future events that could have negative consequences for the functioning of an organization or society, and take measures to counteract the impact of such adverse outcomes.	House et al, (2004)	(-)

Table 1- GLOBE's model independent variables definition. **Source:** Own elaboration

The explanatory variables for Hofstede's model are depicted in Table 2.

Variable	Definition	Source	Predicted Signal
Power Distance (PD)	Reflects the degree to which individuals in a society accept and perceive power inequality as a normal part of social structure. It was initially assessed by analyzing survey responses related to preferred styles of leadership and attitudes towards expressing dissent.	Hofstede (2001)	(-)

Individualism (IDV)	Pertains to the level of interconnectedness and social cohesion among individuals within a society. It was initially derived from analyzing survey responses related to 14 goals specifically associated with work.	Hofstede (2001)	(-)
Uncertainty Avoidance (UA)	Characterizes the approaches adopted by individuals in a society when faced with unfamiliar or uncertain circumstances. It was initially assessed by analyzing survey responses related to the adherence to organizational rules, job security, and stress experienced in the workplace.	Hofstede (2001)	(-)
Masculinity (MAS)	Encompasses the extent to which societies rely on biological distinctions between genders to establish distinct social roles. It was initially assessed by analyzing survey responses related to aspects such as achievement, recognition, and harmony.	Hofstede (2001)	(+/-)
Indulgence (INDUL)	Refers to the inclination to freely satisfy fundamental and innate human desires associated with enjoying life and seeking enjoyment. On the other pole, restraint signifies a belief that such gratification should be controlled and governed by stringent societal standards.	Hofstede (2010)	(?)
Long-term Orientation (LONG)	Represents the promotion of virtues that are focused on future rewards, such as persistence and frugality. In contrast, short-term orientation represents the promotion of virtues that are related to the past and present, such as respect for tradition, maintaining social reputation, and fulfilling societal obligations.	Hofstede (2010)	(?)

Table 2- Hofstede's model independent variables definition. **Source:** Own elaboration

Values for the explanatory variables for GLOBE's model are all provided by the official website of GLOBE, presented as Phase 2: Aggregated Societal Level Data for Society Culture Scales, available since May 17, 2004.

For Hofstede's Model, the values are also given by the official website of Hofstede insight, version 2015 12 08.

4.3 Control Variables

Some control variables were added in order to account for potential influence of other factors on the dependent variable. This way other effects which are non-relevant to this study would be holding constant.

Control variable ROL (rule of law) is described as “the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e., ranging from approximately -2.5 to 2.5.” (World Bank, 2023). Hence, it was included so we can separate the effect of that possible (mis)trust on the government and on the country's laws from what is actually derived from what is intrinsically cultural. The majority of the past studies of this field include this control variable, reinforcing the importance of its inclusion (Bani-Mustafa et al, 2020; Bame-Aldred et al 2013; Richardson, 2006).

The values for the 38 countries are collected from the World Bank database, based on the work of Kaufmann *et al* (2010). Since culture is assumed to be relatively stable over time (Hofstede, 2001), we used the most recent available data for ROL at the moment of the research- from the year 2021- without compromising the results.

Since ROL has shown to be significant in almost all the middle statistical tests, we decided to evaluate the relevance of including other *Worldwide Governance Indicators*. Kaufmann et al. (2010) defined governance as “the traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored and replaced; (2) the capacity of the government to effectively formulate and implement sound policies; and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them”. Within these three layers of governance, some variables were defined. The first one includes Voice and Accountability (VA) - that measures the level to which citizens in a country can engage in the process of government selection, the degree of freedom of speech, and the presence of an independent media - and Political Stability and Absence of Violence/Terrorism (PV) - focus on the perception that a government may experience destabilization or overthrow through unconstitutional or violent methods. The second layer encompasses Government

Effectiveness (GE) - the perception of the effectiveness and efficiency of public services, the level of autonomy from political influences, the effectiveness of policy development and execution, and the trustworthiness of the government's dedication to these policies - and Regulatory Quality (RQ) – the extent to which the government is capable of developing and implementing sound policies and regulations that facilitate and stimulate private sector development. Finally, is in the last layer that our previously defined ROL is positioned, along with Control of Corruption - which covers the extent to which public power is abused for personal benefit, which can assume various forms of corruption, both small-scale and large-scale, as well as the influence of elites and private interests over the state.

The depicted measures may be seen as components of an overall trust in the government perceived by its citizens. Trust in the government and trust in the legal systems were also important factors taken into account in other studies regarding Tax Morale. Alm and Torgler (2006) argued that there is a strong association between Tax Morale and trust in the government. Proactive measures taken by the government, the establishment of well-functioning state institutions, and the cultivation of a positive social capital environment, are prone to yield higher tax obligations, strengthen their sense of civic duty and, thus, boost Tax Morale.

All the data referring to Worldwide Governance Indicators were retrieved from the World Bank and are concerning the year 2021, as it was the most recent information available at that moment. Again, we do not expect that this time difference between the data from the cultural dimensions and the control variables will compromise our findings, following Hofstede's statement that culture tends to stay immutable overtime (Hofstede, 2001).

In addition, some demographic controls such as education, age and gender were introduced. This way we can have a clearer examination of the relationship between the independent and dependent variables, as the influence of demographic factors is accounted for. The data for age and gender was also extracted from the World Bank database, respectively “Age dependency ratio, old (% of working-age population)” and “Sex ratio at birth (male births per female births)”, from the bunch of World Development Indicators. On the other hand, for education levels we picked the indicator “Mean years of schooling” from Human Development Reports. We took Bani-Mustafa et al (2020) research as a basis.

Finally, the maximum income tax rate as well as the maximum corporate tax rate were added, as a way to prevent the effects from the potential influence of tax policy and tax incentives on Tax Morale. The numbers were collected from the site World Population Review, from the indicators “Highest Taxed Countries 2023” and “Corporate Tax Rates by Country 2023” respectively.

4.4 OLS Regression Models

The two suggested models to be used in this project could be defined as:

Model 1 (GLOBE):

$$\text{TAX MORALE} = \gamma_0 + \gamma_1(\text{ASTV}) + \gamma_2(\text{INGRC}) + \gamma_3(\text{INSTC}) + \gamma_4(\text{FUT}) + \gamma_5(\text{GEN}) + \gamma_6(\text{HUM}) + \gamma_7(\text{PRF}) + \gamma_8(\text{PD}) + \gamma_9(\text{UA}) + \gamma_{10}(\text{ROL}) + \gamma_{11}(\text{PV}) + \gamma_{12}(\text{GE}) + \gamma_{13}(\text{CC}) + \gamma_{14}(\text{VA}) + \gamma_{15}(\text{RQ}) + \gamma_{16}(\text{AGE}) + \gamma_{17}(\text{EDU}) + \gamma_{18}(\text{SEX}) + \gamma_{19}(\text{CORPTAX}) + \gamma_{20}(\text{INCTAX}) + U$$

Model 2 (Hofstede):

$$\text{TAX MORALE} = \gamma_0 + \gamma_1(\text{IND}) + \gamma_3(\text{INDUL}) + \gamma_4(\text{LONG}) + \gamma_5(\text{PD}) + \gamma_6(\text{MAS}) + \gamma_7(\text{UA}) + \gamma_8(\text{ROL}) + \gamma_9(\text{PV}) + \gamma_{10}(\text{GE}) + \gamma_{11}(\text{CC}) + \gamma_{12}(\text{VA}) + \gamma_{13}(\text{RQ}) + \gamma_{14}(\text{AGE}) + \gamma_{15}(\text{EDU}) + \gamma_{16}(\text{SEX}) + \gamma_{17}(\text{CORPTAX}) + \gamma_{18}(\text{INCTAX}) + U$$

Note that these two models would serve as a starting point to test the significance and the relations between our dependent variable and our explanatory variables plus control variables. Subsequently, various OLS regressions were conducted through Eviews econometric software in order to pick which of those variables are relevant for the final model, so we could be able to present a reliable model and avoid duplicate information through high correlation between variables, what may constitute a multicollinearity problem.

5. Results and Discussion

Table 3 and 4 feature the Spearman correlations between variables for GLOBE's and Hofstede's Models, respectively. As we could expect, some of our control variables display high correlation between them, especially when it comes to Worldwide Governance Indicators. Thus, we conducted different OLS regressions for each model, adding control variables in a segmented way, so we could examine the differential impact of each set of them, while avoiding the multicollinearity problem. This means that one independent variable can be reasonably predicted from the others. Such problems may reduce the quality of the results in a way it can produce unreliable coefficient estimates, reduce statistical significance or present ambiguity in interpretation (Belsley et al. 2005).

	G_ASTV	G_INGRC	G_INSTC	G_FUT	G_GEN	G_HUM	G_PRF	G_PD	G_UA	ROL_2021	PV_2021	GE_2021	CC_2021	VA_2021	RQ_2021	AGE_2021	EDU_2021	SEX_2020	CTAX_2023	ITAX_2023
G_ASTV	1,00																			
G_INGRC	-0,02	1,00																		
G_INSTC	-0,28	0,16	1,00																	
G_FUT	0,06	0,53	0,51	1,00																
G_GEN	-0,41	0,09	0,08	-0,27	1,00															
G_HUM	-0,13	-0,23	0,02	-0,18	0,21	1,00														
G_PRF	-0,07	0,49	0,34	0,28	0,36	0,03	1,00													
G_PD	0,46	-0,04	-0,47	-0,04	-0,51	-0,48	-0,33	1,00												
G_UA	0,25	0,39	0,44	0,68	-0,47	-0,25	0,17	0,09	1,00											
ROL_2021	0,08	-0,46	-0,56	-0,64	0,21	0,12	-0,28	0,22	-0,80	1,00										
PV_2021	0,05	-0,34	-0,52	-0,52	0,24	0,08	-0,15	0,18	-0,73	0,90	1,00									
GE_2021	0,19	-0,49	-0,59	-0,65	0,11	0,15	-0,34	0,24	-0,74	0,96	0,85	1,00								
CC_2021	0,07	-0,41	-0,59	-0,69	0,25	0,11	-0,28	0,22	-0,85	0,96	0,88	0,93	1,00							
VA_2021	-0,17	-0,18	-0,29	-0,51	0,54	0,08	0,06	-0,15	-0,77	0,78	0,79	0,66	0,76	1,00						
RQ_2021	0,10	-0,40	-0,57	-0,57	0,21	0,11	-0,28	0,26	-0,78	0,97	0,86	0,95	0,95	0,76	1,00					
AGE_2021	-0,01	-0,42	-0,45	-0,55	0,31	0,10	-0,26	-0,08	-0,55	0,66	0,71	0,57	0,64	0,66	0,56	1,00				
EDU_2021	-0,08	-0,23	-0,66	-0,56	0,41	0,07	-0,09	0,04	-0,72	0,63	0,66	0,57	0,68	0,62	0,61	0,66	1,00			
SEX_2020	0,56	-0,20	-0,12	-0,15	-0,42	-0,13	-0,13	0,31	0,29	-0,07	-0,13	0,07	-0,07	-0,41	-0,13	-0,09	-0,20	1,00		
CTAX_2023	-0,07	0,32	0,48	0,18	0,15	-0,04	0,35	-0,19	0,15	-0,36	-0,32	-0,44	-0,29	-0,02	-0,38	-0,25	-0,36	-0,22	1,00	
ITAX_2023	-0,03	-0,10	-0,10	-0,51	0,31	0,07	-0,01	-0,24	-0,44	0,44	0,34	0,38	0,44	0,57	0,34	0,48	0,17	-0,07	0,27	1,00

Table 3- Spearman correlations for GLOBE's model. **Source:** Own elaboration

Concerning Globe's Model, the most notorious correlation is between Uncertainty Avoidance and Future Orientation, with a coefficient value of 0.68. However, in our last test (1.6), only independent variables with low correlations were included. Some control variables were filtered for the final model, yet others were kept despite the high correlation value, as addressing the individual effects of our control variables on the dependent variable is not our main focus in this investigation.

On the other hand, Hofstede's Model presented a strong correlation between Power Distance and Individualism, which could stand as an obstacle at first glance. Some authors have noticed this issue before. Mihet (2013) states that this correlation happens because low Power Distance and high Individualism are both correlated with economic development. In the present analysis, considering that GDP per capita could be used as an economic development proxy, as it is widely addressed in literature, in some middle tests including it as a control variable, both Power Distance and Individualism are still highly correlated, having shown very few impacts on reducing their correlation degree. However, since Individualism, Masculinity, Power Distance and Uncertainty Avoidance are most of the times analyzed together for better comparison insights, it made sense to keep both variables.

	H_IND	H_INDUL	H_LONG	H_MAS	H_PD	H_UA	ITAX2023	PV_2021	ROL_2021	RQ_2021	SEX_2020	VA_2021	CC_2021	GE_2021	CTAX2023	EDU_2021	AGE_2021
H_IND	1,00																
H_INDUL	0,15	1,00															
H_LONG	0,08	-0,46	1,00														
H_MAS	0,01	-0,04	0,09	1,00													
H_PD	-0,74	-0,30	-0,06	0,04	1,00												
H_UA	-0,13	-0,12	-0,12	0,18	0,15	1,00											
ITAX2023	0,31	0,31	-0,02	-0,23	-0,54	0,05	1,00										
PV_2021	0,57	-0,06	0,33	-0,14	-0,64	-0,20	0,34	1,00									
ROL_2021	0,59	-0,02	0,35	-0,22	-0,69	-0,38	0,44	0,90	1,00								
RQ_2021	0,58	0,00	0,31	-0,21	-0,62	-0,44	0,34	0,86	0,97	1,00							
SEX_2020	-0,30	-0,45	0,33	0,03	0,30	-0,35	-0,07	-0,13	-0,07	-0,13	1,00						
VA_2021	0,70	0,22	0,06	-0,16	-0,76	0,01	0,57	0,79	0,78	0,76	-0,41	1,00					
CC_2021	0,61	0,06	0,32	-0,24	-0,70	-0,45	0,44	0,88	0,96	0,95	-0,07	0,76	1,00				
GE_2021	0,48	-0,07	0,43	-0,25	-0,56	-0,49	0,38	0,84	0,97	0,95	0,07	0,66	0,93	1,00			
CTAX2023	-0,15	0,34	-0,42	0,16	0,11	0,26	0,27	-0,32	-0,36	-0,38	-0,22	-0,02	-0,29	-0,44	1,00		
EDU_2021	0,61	0,17	0,33	0,01	-0,56	-0,10	0,17	0,66	0,63	0,61	-0,20	0,62	0,68	0,57	-0,36	1,00	
AGE_2021	0,51	-0,19	0,45	-0,03	-0,56	0,21	0,48	0,71	0,66	0,56	-0,09	0,66	0,64	0,57	-0,25	0,66	1,00

Table 4- *Spearman Correlations for Hofstede's Model. Source: Own elaboration*

Before proceeding to the examination of the OLS regressions results, we defined the statistical relevance as one-tailed to the variables that present previous strong consensus about the direction of the expected relationship (Power Distance, Individualism, Institutional Collectivism, Performance Orientation) and two-tailed in the case of those that do not present general agreement among scholars (Masculinity, Humane Orientation) or those with scarce background information, as well as for the control variables. As mentioned before, we aggregated similar control variables together before adding them to the model. For instance, for GLOBE's model, (1.1) represents only the cultural variables from the model. In (1.2) we added the set of Worldwide Governance Indicators, in (1.3) and (1.4) the age, education and gender indicator for demographic control purposes and in

(1.5) we added the tax burden controls. Finally, for (1.6) we kept only the variables that have shown to be statistically significant in the previous tests. A similar procedure was followed regarding Hofstede's Model.

Regarding Globe's model, we can observe that most of the dimensions are not statistically significant, with the exception of Institutional Collectivism and Power Distance, that coincidentally are highly similar to Individualism e Power Distance of the Hofstede's Model, where they are also statistically significant. Thus, our results support the hypotheses *H1.1* and *H1.5* both in regards to the direction and relevance of the effect. Consistently with Triandis and Bhawuk (1997) and Parboteeah et al (2005) we find evidence that more collectivistic nations tend to have less tolerance towards ethically questionable behaviors such as tax avoidance. In addition, consistently to Tsakumis et al (2007) and Richardson (2008) findings, we also support there is an inverse relationship between Power Distance and Tax Morale, since people from high Power Distance countries perceive taxation as unfair, benefiting only the ones that already are in a more favorable positions in society. (Hofstede, 2010, p.78).

Despite Future Orientation being statistically significant in almost every conducted test, the lack of support from literature about the association between higher levels of future orientation and higher tolerance to tax avoidance, may enhance the fact that most of control variables are highly correlated with this variable, so the reason of its significance might actually be a biased result due to its tendency to multicollinearity⁵. However, one possible justification for the tolerance towards tax avoidance demonstrated by individuals with higher Future Orientation might be their perception of unfairness in the tax system. Individuals who present a strong Future Orientation may prioritize long-term financial security and planning for the times ahead. They may perceive tax obligations as potential obstacles to their ability to save, invest, or accumulate wealth, which they consider essential for their future well-being. From their perspective, tax evasion could be seen as a means to maintain or improve their future financial stability. Finally, since we are only providing one possible explanation based on our own opinion and beliefs, we leave a research gap for analyzing the validity of these hypotheses.

⁵ All its correlations superior to 0.50, are significant at 1% level ($p > 0,001$).

On the other hand, Assertiveness, Humane Orientation, Performance Orientation and Uncertainty Avoidance have turned out to not be statistically relevant as we believed they would be in the beginning. Compared with the findings of Parboteeah et al. (2005), where Performance Orientation has appeared to be significant only at the 10% level, meaning that our differences on the methodology could have been enough for it not to stay significant. In the case of Uncertainty Avoidance, despite studies such Tsakumis et al. (2007) and Richardson (2008) both finding this variable as one of the most impacting, one possible reason for it not appear as statistically significant in any test within any presented model, may be due to differences on the construction of our dependent variable. Whereas in those past studies the focus was on the estimated levels of the shadow economy, here we focus on the rationale behind those behaviors. Thus, Uncertainty Avoidance may only be of major impact in the actual moment the individual engages in those actions, but not in the moment he ponders about their moral rightness. Finally, Humane Orientation also did not

Variables	(2.1)	(2.2)	(2.3)	(2.4)	(2.5)
<i>*H_IND</i>	-0,2160**	-0,1908**	-0,1614	-0,1770**	-0,2317***
<i>H_INDUL</i>	-0,0797	-0,0062	0,0823	0,0058	
<i>H_LONG</i>	0,0635	0,0472	0,0282	0,0576	
<i>*H_PD</i>	-0,4652***	-0,4661***	-0,3847***	-0,2850**	-0,2443**
<i>H_MAS</i>	0,1308*	0,1131	0,1120	0,1660*	0,2062**
<i>H_UA</i>	0,0268	0,1731	0,0453	0,0023	
<i>ROL_2021</i>		2,6462	10,4491	16,7660*	13,0100*
<i>PV_2021</i>		1,6116	2,2507	4,6244*	
<i>GE_2021</i>		-7,8532	-8,2147	-19,6540*	-15,2137*
<i>CC_2021</i>		7,0542			
<i>VA_2021</i>		-10,1672*	-8,4547*	-7,2907	
<i>RQ_2021</i>		4,5705			
<i>AGE_2021</i>			0,4873		
<i>EDU_2021</i>			-0,8982		
<i>SEX_2020</i>			78,8874		
<i>CORPTAX</i>				-0,7832*	-0,9957**
<i>INCTAX</i>				0,4672*	0,3775*
<i>C</i>	93,5130***	81,7440***	-3,0492	84,8647***	91,35609***
<i>R2</i>	0,4043	0,5192	0,5290	0,5665	0,5009
<i>Adj-R2</i>	0,2852	0,2787	0,2507	0,3403	0,3761

Table 5 - OLS regression results for GLOBE's Model. Prob(F-statistic) = 0,03 for (1.6) test.

*, **, *** Significant at the .10, .05 and .01 levels, respectively. **Source:** Own elaboration

show to be as statistically significant as we initially predicted. This may have occurred because, unlike Masculinity/Femininity dimension which focus in a set of various characteristics that compose a masculine/feminine society, Humane Orientation is only one of many traits of a broad feminine society, which means that it could be inaccurate to assume this variable would behave as a perfect inverse of Masculinity. Hence, despite being consistent in the direction of the relation (inversely related to Tax Morale), it does not present the same explanatory power as Masculinity has shown when running GLOBE's Model.

Now considering Hofstede's Model, we can observe that Individualism, Power Distance and Masculinity are statistically significant, with Individualism and Power Distance also consistent with our predictions. We did not expect any specific direction of the influence of Masculinity on Tax Morale since there was no consensus in prior literature. However, after inspecting the results from the regression, we conclude our findings support Tsakumis et

Variables	(1.1)	(1.2)	(1.3)	(1.4)	(1.5)	(1.6)
<i>G_ASTV</i>	1,8735	5,5782	6,7455	7,0614	8,9811*	4,0319
<i>G_INGRC</i>	-4,0040	6,2045	7,5003	7,2743	5,0498	
<i>*G_INSTC</i>	4,6601	9,0481	8,8278	7,9974	13,0156*	8,3924**
<i>G_FUT</i>	-9,5445	-24,120**	-23,8713**	-24,346**	-23,7034*	-17,148***
<i>G_GEN</i>	6,3784	2,3688	2,6802	2,9990	3,61030	
<i>G_HUM</i>	-5,2152	-12,5397	-13,828	-14,5850	-9,8603	-10,5569
<i>*G_PRF</i>	-7,4190	-9,2900	-8,7636	-7,7078	-5,7124	
<i>*G_PD</i>	0,0947	-24,3840**	-25,9760**	-25,9292**	-15,9082	-13,4990*
<i>G_UA</i>	0,5396	3,9790	-0,0764	-0,7870	-3,3100	
<i>ROL_2021</i>		30,411***	32,4354**	32,0960**	27,4520	27,214***
<i>PV_2021</i>		12,7390*	12,6684*	12,7440	13,9160	8,3159
<i>GE_2021</i>		-41,551***	-43,713***	-43,1811**	-48,361***	-29,367***
<i>CC_2021</i>		-2,0003	-4,5990	-4,4228	-0,1205	
<i>VA_2021</i>		-18,219***	-20,402***	-21,049***	-19,1547**	-9,9300**
<i>RQ_2021</i>		15,4960	17,3624	17,0745	15,1140	
<i>AGE_2021</i>			0,0940	0,1451	0,0102	
<i>EDU_2021</i>				-0,5422	-0,7364	
<i>SEX_2020</i>				-50,5722	-144,8460	
<i>CORPTAX</i>					-1,1729*	-0,6391*
<i>INCTAX</i>					0,4012	
<i>C</i>	149,1011	263,4795**	275,7391*	340,3299	385,8728	218,843***
<i>R2</i>	0,2080	0,5385	0,5547	0,5572	0,6577	0,4864
<i>Adj-R2</i>	-0,0559	0,2089	0,1797	0,0884	0,1686	0,2889

Table 6- OLS regression results for Hofstede's Model. Prob(F-statistic) = 0,00 for (2.5) test. *, **, ***Significant at the .10, .05 and .01 levels, respectively. **Source:** Own elaboration

al. (2007) position, which stated that individuals in societies with mostly masculine features are more conscious of complying with their tax obligations due to increased visibility and the potential for greater scrutiny from tax authorities, as we previously depicted. Again, Uncertainty Avoidance did not turn out to be significant in any conducted test.

Control variables also provide some intriguing insights. Rule of Law, Government Effectiveness and Corporate Tax have shown to be relevant in almost all cases. Unsurprisingly, ROL is widely present in academic research as a transversal measure, common at the most diverse multi-country comparisons. Government Effectiveness follows an unexpected direction, as the higher the government effectiveness of a country is, the less its nation finds tax evasion behavior to be a never justifiable action. One possible reason for these results may be because individuals that perceive the government as effective and trustworthy in providing public services, may have higher expectations regarding the proper use of tax revenues (Alm and Torgler, 2006). If there is a mismatch between the level of government effectiveness and the perceived fairness of the tax system (e.g., high taxes but inadequate public services), individuals may be more inclined to engage in tax cheating as a means of protest or as a way to regain a sense of perceived fairness. In fact, when observing the Spearman correlations, we notice Government Effectiveness and Corporate Tax correlate inversely and with a relatively high magnitude (-0,44; $p > 0,01$).

In contrast, Income Tax did not turn out to be as relevant as Corporate Tax. This may be due to corporate tax systems most of the time being more complex than individual income tax systems, providing more opportunities for tax planning and avoidance by businesses. Also, corporate tax rates are often seen as affecting not only the profitability of businesses but also their ability to contribute to society through job creation, investment, and public goods. Thus, this perceived impact of corporate tax rates on income inequality and wealth distribution can influence one's attitudes towards corporate tax compliance and their sense of fairness in the tax system. According to Morse (2015), imposing excessive taxes places a burden on individuals with low incomes. Additionally, tax systems that undergo frequent revisions have been identified as contributing to tax evasion (Fortin et al., 2007).

Finally, we note that in additional analyses we tested for the impact of marginal variation of the cultural dimensions on our dependent variable, by adding the logarithm to each independent variable. For GLOBE's Model this change presented some slightly better

results in the significance of coefficients, while for Hofstede's Model it considerably worsens the same statistics. Thus, we assumed it could lead to inconclusive or biased results, added by the fact this procedure (i.e., the use of the logarithm) may not be theoretically justifiable in this case.

Overall, both models appeared to fulfill our expectations as a tool to link national culture to Tax Morale across countries. Considering adjusted R^2 values, we can conclude based on our research, that the classic and widely employed Hofstede's approach is better suited for studies of this nature, being simpler in the way it relies on fewer variables and still achieving a better outcome. Also, its dimensions seem to be more extensive and broader, being able to provide more omnibus insights and capture more of the effects of the country's culture. Notwithstanding, GLOBE's Model could be more reliable when the focus is placed in more detailed characteristics of a society and there is a need to segment culture in more narrow dimensions. Yet, we believe that when analyzing Tax Morale as a whole, it is more reasonable to employ a broader but at the same time simpler approach, as it is the Hofstede's Model.

6. Conclusion

Throughout this paper, we aimed to ascertain if a country's national culture could be one of the drivers for the willingness to justify tax cheating. Thus, we gathered data from 37 countries across five continents about individuals' opinion about whether tax avoidance behaviors could be in some cases tolerated or not, and then investigated its possible relationship to the cultural dimensions of the same countries. This article could be relevant to tax specialists, tax consultants/inspectors, sociologists, legislators, policymakers and even government officials.

As a theoretical background for defining culture, we employed Hofstede et al (2010) and House et al (2004) models separately. Given the academic acceptance and prevalence of both models in similar studies, when using them for a comparative analysis would be interesting to determine the most suitable model for examining the potential link to tax avoidance behavior. We strive to present the first study to provide these comparative results between these well-known cultural approaches in the matter of justifying ethically suspect behaviors.

In addition, we contributed by replicating some previous research with the most recent waves from WVS, GLOBE and Hofstede models, as well as the up-to-date Worldwide Governance Indicators. Future studies may explore the culture changing impact along other country-level control variables.

Our main findings verify the significant impact of Individualism dimension on Tax Morale, as most individualistic nations tend to have more tolerance towards ethically questionable behaviors such as tax avoidance, consistent with Triandis and Bhawuk (1997) and Parboteeah et al (2005). Power Distance has also shown an inverse relationship to Tax Morale, consistent with our hypotheses and with the research of Tsakumis et al (2007) and Richardson (2008), since people from high Power Distance countries perceive taxation as unfair, benefiting only the ones that already are in a more favorable positions in society. (Hofstede, 2010). Despite this, although we were not expecting any particular direction for the effect of Masculinity, it has shown to also be significant and assumed a positive relation, as individuals in societies with mostly masculine features are more conscious of complying with their tax obligations due to increased visibility and the potential for greater scrutiny from tax authorities, consistent with Tsakumis et al (2007). However, variables

derived from Masculinity dimension, such as Humane Orientation, Assertiveness, and Performance Orientation, did not turned up to be statistically relevant, probably because it only makes sense to link Tax Morale to the set of all masculine/feminine traits of one society, thus linking to narrower dimensions may provoke predictive capacity loss.

On the other hand, Uncertainty Avoidance was not statistically significant for any model. This was a sort of unexpected result as most authors found this variable as statistically relevant (Tsakumis et al (2007); Richardson (2008); Parboteeah et al (2005)). In spite of not knowing exactly the reason to justify it, we assume it could be due to differences in the methodology, with special attention for the differences in the construction of the dependent variable.

Relatively to the remaining variables not explored in the hypotheses, most of them showed no relationship to Tax Morale, as we predicted. The only exception was Future Orientation, which has turned out to be relevant in almost all conducted tests. We believed this could be due to a multicollinearity problem, however we did not exclude the possibility of it actually being determinant of Tax Morale. We suggested that from the point of view of such individuals, tax evasion could be seen as a means to maintain or improve their future financial stability.

Overall, we concluded that both models are reliable for studies of this nature. However, Hofstede's Model seems to catch more information, probably because it is constructed in a more generalized way than the GLOBE's one, which is more concise in narrower cultural traits, which could be more suitable for other kinds of investigations.

Some limitations of the current study should also be addressed. First, we should not forget most of the cultural dimensions were developed more than 30 years ago. Although such dimensions were not expected to be outdated in at least 100 years (Hofstede, 2001), the truth is that technological advancements, globalization and demographic changes are present-day subjects, and should be also taken into account in today's research and academic work. In addition, in this paper we chose to follow an OLS regression analysis, while some more recent studies argue that an HLM model would be better suited. Finally, while our sample of 37 countries may appear reasonable in dimension, a wider sample would always provide more quality of information.

Besides culture changing, future research may try to explore in more depth the hypothesis we presented about the potential link of Future Orientation to Tax Morale. Additionally, replacing our Tax Morale variable by an actual estimate of Tax Avoidance numbers, could be interesting to compare if the models would maintain their explanatory power.

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8. Annexes

Country	UA	FUT	PD	INSTC	HUM	PRF	INGRC	GEN	ASRT	Tax Morale
Argentina	4,66	5,78	2,33	5,32	5,58	6,35	6,15	4,98	3,25	65,2
Australia	3,98	5,15	2,78	4,40	5,58	5,89	5,75	5,02	3,81	63,6
Austria	3,66	5,11	2,44	4,73	5,76	6,10	5,27	4,83	2,81	67,2
Brazil	4,99	5,69	2,35	5,62	5,68	6,13	5,15	4,99	2,91	58,8
China	5,28	4,73	3,10	4,56	5,32	5,67	5,09	3,68	5,44	77,8
Colombia	4,98	5,68	2,04	5,38	5,61	6,42	6,25	5,00	3,43	73,2
Denmark	3,82	4,33	2,76	4,19	5,45	5,61	5,50	5,08	3,39	73,7
Finland	3,85	5,07	2,19	4,11	5,81	6,11	5,42	4,24	3,68	64,1
France	4,26	4,96	2,76	4,86	5,67	5,65	5,42	4,40	3,38	62,1
Greece	5,09	5,19	2,39	5,40	5,23	5,81	5,46	4,89	2,96	71,4
Germany	3,32	4,85	2,54	4,82	5,46	6,01	5,18	4,89	3,09	75,4
Hong Kong	4,63	5,50	3,24	4,43	5,32	5,64	5,11	4,35	4,81	60,7
Hungary	4,66	5,70	2,49	4,50	5,48	5,96	5,54	4,63	3,35	79,3
Indonesia	5,23	5,70	2,69	5,18	5,16	5,73	5,67	3,89	4,72	58,4
Iran	5,36	5,84	2,80	5,54	5,61	6,08	5,86	3,75	4,99	63,8
Italy	4,47	5,91	2,47	5,13	5,58	6,07	5,72	4,88	3,82	63,4
Japan	4,33	5,25	2,86	3,99	5,41	5,17	5,26	4,33	5,56	86,5
Malaysia	4,88	5,89	2,97	4,87	5,51	6,04	5,85	3,78	4,81	35,1
Mexico	5,26	5,86	2,85	4,92	5,10	6,16	5,95	4,73	3,79	46,1
Morocco	5,32	5,85	3,11	5,00	5,51	5,76	5,68	3,74	3,44	53
Netherlands	3,24	5,07	2,45	4,55	5,20	5,49	5,17	4,99	3,02	59
New Zealand	4,10	5,54	3,53	4,20	4,49	5,90	6,21	4,23	3,54	65,6
Philippines	5,14	5,93	2,72	4,78	5,36	6,31	6,18	4,58	5,14	34,2
Poland	4,71	5,20	3,12	4,22	5,30	6,12	5,74	4,52	3,90	76,4
Portugal	4,43	5,43	2,38	5,30	5,31	6,40	5,94	5,13	3,58	60,5
Russia	5,07	5,48	2,62	3,89	5,59	5,54	5,79	4,18	2,83	32,7
Singapore	4,22	5,51	3,04	4,55	5,79	5,72	5,50	4,51	4,41	76,8
Slovenia	4,99	5,42	2,57	4,38	5,25	6,41	5,71	4,83	4,59	68,5
Spain	4,76	5,63	2,26	5,20	5,69	5,80	5,79	4,82	4,00	52,9
Sweden	3,60	4,89	2,70	3,94	5,65	5,80	6,04	5,15	3,61	66,1
Switzerland	3,16	4,79	2,44	4,69	5,54	5,82	4,94	4,92	3,21	61,6
Taiwan	5,31	5,20	3,09	5,15	5,26	5,74	5,45	4,06	3,28	67,9
Thailand	5,61	6,20	2,86	5,10	5,01	5,74	5,76	4,16	3,48	68,3
Turkey	4,67	5,83	2,41	5,26	5,52	5,39	5,77	4,50	2,66	78,1
UK	4,11	5,06	2,80	4,31	5,43	5,90	5,55	5,17	3,70	68,6
USA	4,00	5,31	2,85	4,17	5,53	6,14	5,77	5,06	4,32	63,5
Venezuela	5,26	5,79	2,29	5,39	5,31	6,35	6,17	4,82	3,33	62,4

Table 7 - Cultural dimension scores for sample countries for GLOBE's model and its respective Tax Morale Score. Source: Own elaboration.

Country	PD	IND	MAS	UA	LONG	INDUL	Tax Morale
Argentina	49	46	56	86	20	62	65,2
Australia	38	90	61	51	21	71	63,6
Austria	11	55	79	70	60	63	67,2
Brazil	69	38	49	76	44	59	58,8
China	80	20	66	30	87	24	77,8
Colombia	67	13	64	80	13	83	73,2
Denmark	18	74	16	23	35	70	73,7
Finland	33	63	26	59	38	57	64,1
France	68	71	43	86	63	48	62,1
Greece	60	35	57	112	45	50	71,4
Germany	35	67	66	65	83	40	75,4
Hong Kong	68	25	57	29	61	17	60,7
Hungary	46	80	88	82	58	31	79,3
Indonesia	78	14	46	48	62	38	58,4
Iran	58	41	43	59	14	40	63,8
Italy	50	76	70	75	61	30	63,4
Japan	54	46	95	92	88	42	86,5
Malaysia	104	26	50	36	41	57	35,1
Mexico	81	30	69	82	24	97	46,1
Morocco	70	46	53	68	14	25	53
Netherlands	38	80	14	53	67	68	59
New Zealand	22	79	58	49	33	75	65,6
Philippines	94	32	64	44	27	42	34,2
Poland	68	60	64	93	38	29	76,4
Portugal	63	27	31	104	28	33	60,5
Russia	93	39	36	95	81	20	32,7
Singapore	74	20	48	8	72	46	76,8
Slovenia	71	27	19	88	49	48	68,5
Spain	57	51	42	86	48	44	52,9
Sweden	31	71	5	29	53	78	66,1
Switzerland	34	68	70	58	74	66	61,6
Taiwan	58	17	45	69	93	49	67,9
Thailand	64	20	34	64	32	45	68,3
Turkey	66	37	45	85	46	49	78,1
UK	35	89	66	35	51	69	68,6
USA	40	91	62	46	26	68	63,5
Venezuela	81	12	73	76	16	100	62,4

Table 8- Cultural dimension scores for sample countries for Hofstede's model and its respective Tax Morale score. **Source:** Own elaboration.