

**THE FACTORS INFLUENCING HIDDEN ECONOMY INVOLVEMENT  
IN LIBYA**

**MOHAMMED F H MUSSA**

**801936**

5<sup>0</sup>

**A thesis submitted to the Graduate School in partial Fulfillment of the  
requirements for the degree Master of Science in Accounting (International  
Accounting)**

**Universiti Utara Malaysia**

**College of Business**

**November, 2009**



**KOLEJ PERNIAGAAN**  
*(College of Business)*  
Universiti Utara Malaysia

**PERAKUAN KERJA KERTAS PROJEK**  
*(Certification of Project Paper)*

Saya, mengaku bertandatangan, memperakukan bahawa  
*(I, the undersigned, certified that)*

**MOHAMMED F H MUSSA(801936)**

Calon untuk Ijazah Sarjana

*(Candidate for the degree of)* **MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)**

telah mengemukakan kertas projek yang bertajuk

*(has presented his/her project paper of the following title)*

**THE FACTORS INFLUENCING HIDDEN ECONOMY INVOLVEMENT IN LIBYA**

Seperti yang tercatat di muka surat tajuk dan kulit kertas project  
*(as it appears on the title page and front cover of the project paper)*

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

*(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).*

Nama Penyelia : **DR. MOHAMAD HISYAM SELAMAT**  
*(Name of Supervisor)*

Tandatangan :  
*(Signature)*

Tarikh : **22 NOVEMBER 2009**  
*(Date)*

## **DECLARATION**

I declare that all the work described in this thesis was undertaken by my own research (unless otherwise acknowledged in the text) and that none of the work has been previously submitted for any academic degree. All sources of quoted information have been acknowledged through references.

Mohammed F H Mussa

801936

College of Business

Universiti Utara Malaysia

November, 2009

**CENTER FOR GRADUATE STUDIES  
UNIVERSITI UTARA MALAYSIA**

**PERMISSION TO USE**

In presenting this thesis, in fulfillment of the requirements for the postgraduate degree from the Universiti Utara Malaysia, I agree that the Universiti Library may take it freely available for inspection. I further agree that the permission for copying of this thesis in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor or, in his absence, by the Dean of the College of Business. It is understood that any copy or publication or use this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Request for permission to copy or make other use of material in this thesis in whole or in part should be addressed to:

**Dean (Research and Post Graduate)**

**Universiti Utara Malaysia**

**06010 UUM Sintok**

**Kedah Darul Aman**

**Malaysia**

2009

## **ABSTRACT**

This paper aims to examine the influence of the demographic and attitudinal variables (tax rate and social burden, Islamic values, working experience, penalty, fairness of the government, age, gender, education, occupation, income level, and marital status) on hidden economy involvement in Libya. The questionnaire was developed and distributed in order to collect the data for the purpose of this study. From the correlation and regression analysis, it is found that tax rate and social burden, penalty and Islamic values variables are positively related to hidden economy involvement. For the demographic factors, the variable of occupation has a relationship with hidden economy involvement.

## ACKNOWLEDGMENT

Praise and gratitude be given to ALLAH the Almighty for putting forward me such a great strength, patience, courage, and ability to complete this project.

Words stand mute in expressing my gratitude to my supervisor **Dr Mohamad Hisyam Selamat** for his intelligent guidance and helpful advice during the whole process. He has really been for me a center of motivation and guidance. I am truly grateful to his continual support and cooperation, as being prepared to assist me all along the completion of this dissertation. Completion the project was impossible without his continuous assistance.

In this place I would like to thank all the staff members of the University Utara Malaysia. They have taught us to be true, faithful and knowledgeable in every aspect of my life.

I would like to express deepest and sincere gratitude to my parents for their love, affection, trust, and support they have extended in every step of my life. In addition, I would like to present my sincere and profound gratitude to my brothers **Abdulsalam** and **Adel** for giving me the opportunity to study in Malaysia and support me during the study period. Lastly, I would like to express my thanks to my brothers, sisters and close friends for their love, support and encouragements throughout all my life.

## Table of Contents

Declaration.....	i
Permission to Use.....	ii
Abstract.....	iii
Acknowledgment.....	iv
Table of Contents.....	v
List of Tables.....	v
List of Figures.....	v v
Abbreviations.....	v

### CHAPTER ONE OVERVIEW OF THE STUDY

1.1	Introduction.....	1
1.2	Research background.....	1
1.3	Problem statement.....	3
1.4	Research question .....	4
1.5	Research aim and objective .....	5
1.6	Significant of the study.....	5
1.7	Dissertation Outlines .....	5
1.8	Summary .....	5

### CHAPTER TWO LITERATURE REVIEW

2.1	Introduction .....	7
2.2	Defining Hidden Economy.....	7
2.3	Advantages and Disadvantages of Hidden Economy.....	10
2.4	Hidden Economy Determinants.....	12
2.4.1	Attitude.....	12
2.4.1.1	Tax rate and Social Burden.....	13
2.4.1.2	Working Experience.....	14

	2.4.1.3	Penalty .....	14
	2.4.1.4	Islamic Values.....	15
	2.4.1.5	Fairness of the Government.....	15
2.4.2		Demographic Factors.....	16
	2.4.2.1	Age.....	16
	2.4.2.2	Gender.....	17
	2.4.2.3	Education.....	17
	2.4.2.4	Occupation.....	18
	2.4.2.5	Personal Income Level.....	18
	2.4.2.6	Marital Status.....	19
2.5		Theoretical Framework.....	19
2.6		Summary.....	21

### CHAPTER THREE RESEARCH DESIGN AND METHODOLOGY

3.1		Introduction.....	22
3.2		Research hypotheses.....	22
	3.2.1	Tax Rate and Social Burden.....	22
	3.2.2	Working experience.....	23
	3.2.3	Penalty.....	23
	3.2.4	Islamic Values.....	24
	3.2.5	Fairness of the Government.....	24
	3.2.6	Age .....	25
	3.2.7	Gender.....	25
	3.2.8	Education.....	26
	3.2.9	Occupation.....	26
	3.2.10	Personal Income Level.....	27
	3.2.11	Marital Status.....	27
3.3		Research Design .....	28
	3.3.1	Measurement of Variables.....	29
	3.3.2	Research Equation.....	30



3.4	Data Collection.....	30
3.5	Data Analysis.....	30
3.6	Summary.....	32

CHAPTER FOUR DATA ANALYSIS AND RESEARCH FINDINGS

4.1	Introduction.....	33
4.2	Profile of respondent.....	33
4.3	Descriptive Statistics .....	35
4.4	Reliability and validity Analysis Test .....	36
4.5	Multicollinearity .....	36
4.6	Assumption Test.....	37
4.7	Pearson Correlation Analysis.....	39
4.8	Multiple Regression Analysis.....	41
4.9	T-test.....	42
4.10	ANOVA.....	43
4.11	Summary.....	47

CHAPTER FIVE DISCUSSION AND LIMITATIONS

5.1	Introduction.....	48
5.2	Discussions.....	48
5.3	Limitation.....	51

CHAPTER SIX CONCLUSION AND RECOMMENDATIONS

6.1	Conclusion and Recommendations.....	53
	References.....	55
	Appendix.....	67

## LIST OF TABLES

Table No		Page
3.1	Measurement of Variables.....	29
4.1	Profile of Respondent.....	34
4.2	Mean of variables.....	35
4.3	Reliability statistics.....	36
4.4	Variance Inflation Factor.....	36
4.5	The correlations between HE and TR, EX, P, IV, & FG factors	39
4.6	The correlations between HE and Age, Gender, Education, Occupation, Income Level and Marital status. ....	40
4.7	Summary of regression result .....	41
4.8	Significance of FG, EX, P, TR and, IV .....	41
4.9	Coefficients table of FG, EX, P, TR and, IV .....	42
4.10	Independent samples test for the gender variable .....	42
4.11	Significance of the age.....	43
4.12	Significance of the education .....	43
4.13	Significance of the occupation .....	44
4.14	Significance of the income level.....	44
4.15	Significance of the marital status .....	45
4.16	Acceptability of the hypotheses.....	46

## LIST OF FIGURE

<b>Figure</b>		<b>Pag</b>
2.1	The theoretical framework of hidden economy involvement	
	Influencing factors .....	20
4.1	Histogram for the dependent variable .....	37
4.2	Normal P-P Plot of regression standardized residual for the dependent variable .....	38
4.3	Scatterplot for the dependent variable .....	38

## **ABBREVIATIONS**

GDP = Gross Domestic Product

OECD = Organization for Economic Co-operation and Development

HE = Hidden Economy Involvement.

TR = Tax Rate and Social Burden.

EX = Working Experience.

P = Penalty.

IV = Islamic Values.

FG = Fairness of the Government.

## **1.0 CHAPTER ONE**

### **1.1 Introduction**

This chapter introduces the background of this research. As an introductory, this research investigates the involvement in the hidden economy activities in Libya. Various definitions and taxonomies of the concept of hidden economy, proposed by several researchers, are highlighted. It also stresses the importance of knowing the factors that have an influence towards hidden economy activities.

### **1.2 Research Background**

Any economic activity that does not appear in the statistics of the national income and gross domestic product (GDP) is considered to be part of the hidden economy (Craigwell & Maurin, 2005). Many people think that hidden economy is an illegal activity; however, this opinion is not necessarily right. Although it might be true that all illegal activities lie within the hidden economy but there are many legal ones (Carolina & Pan, 2007). This research considers hidden economy as an illegal activity due to its negative impact to the economic growth.

The growth of hidden economy creates a problem to the governments and policy makers around the world (O'Neill, 1983). This phenomenon is contributed by several identifiable reasons such as the increase of tax burdens and social security contributions, the increase of rigidity in economic regulations. As stated by Greenidge, Holder, and Mayers (2005), the problems of hidden economy are always a manifestation of the refusal of practitioners in the field to evade the application of rules which include taxes especially in the labour markets. They further argued that hidden economy is the unethical practice that has eroded and deprived the economy

The contents of  
the thesis is for  
internal user  
only

## References

- Akaah, I. P. (1989). Differences in Research Ethics Judgments Between Male and Female Marketing Professionals. *Journal of Business Ethics* vol. 4, No. 8, pp. 375-381.
- Albu, L., Nicolae, M. (2002.). The Informal Economy: in Southeast Europe Use of Households Survey Data to Estimate the Size of the Informal Economy in Romania
- Albu, L, L. (2007). A Model to Estimate Informal Economy at Regional Level: Theoretical and Empirical Investigation. *International Conference on Regional and Urban Modeling*, Free University of Brussels
- Alhouni, A, T. (2009). *economy*. Retrieved from mongabay: <http://www.aljazeera.net/NR/exeres/8FCCADE5-6741-4D91-B558-5295441C5A26.htm>
- Aljealany, O., Almabroke, A. (2006). Economic consequences, causes, and size of the hidden economy in Libya. *Alfateh University No, 5 pp,39. Journal of economy and political Science.*
- أسامه الجيلاني واحمد المبروك (2006). الاقتصاد الخفي في ليبيا وما هيته وطرق تقديره واثاره مجلة الاقتصاد والعلوم السياسية. جامعة الفاتح العدد 5 ص39. <http://cbl.gov.ly/pdf/0P6cCjLD0kUtbV8IUxX.pdf>
- Allingham, M. and Sandmo A. (1972). Income Tax Evasion: A Theoretical Analysis. *Journal of Public Economics*, 1, pp. 323-338.
- Alm, J., B. Jackson, and M. McKee (1992). Estimating the Determinants of Taxpayer Compliance with Experimental Data. *National Tax Journal*, vol.45, No. 1, pp. 107-14.
- Anderson, J.H. 1998. The Size, Origins, and Character of Mongolia's Informal Sector during the Transition. *Policy Research Working Paper 1916*. Washington: World Bank
- Andreoni, J., Erard, B. & Feinstein, J. (1998). Tax Compliance. *Journal of Economic Literature*, Vol xxxvi, 818-860.
- Andrijasevic, R. (2006). Lampedusa in focus: Migrants caught between the Libyan desert and the deep sea.
- Ardington, C. Leibbrandt, M. (2004). Financial Services and the Informal Economy. African Development and Poverty Reduction, forum paper. *Development Policy and research unit. Trade and Industrial Policy Strategies.*
- Bajada, C. (1999). Estimates of the underground economy in Australia. *The Economic Record*, 75(231), 360-384.

Bajada, C. Schneider, F. (2005). Size, Causes and consequences of the underground economy. An international prospective. *Great Britain, MPG books Ltd, Bodmin, Cornwall.*

[http://books.google.com.my/books?id=lZS7\\_VBF-loC&pg=PA43&lpg=PA43&dq=Turner,+2001+authorities+need+to+be+perceived+as+representative&source=bl&ots=6fuOnC\\_TUg&sig=\\_wzlwwmDzBIFWS4zvE4b-UrjwpY&hl=en&ei=-yjYSomGIIsjakAWO0-ncCA&sa=X&oi=book\\_result&ct=result&resnum=1&ved=0CA8Q6AEwAA#v=onepage&q=Turner%2C%202001%20authorities%20need%20to%20be%20perceived%20as%20representative&f=false](http://books.google.com.my/books?id=lZS7_VBF-loC&pg=PA43&lpg=PA43&dq=Turner,+2001+authorities+need+to+be+perceived+as+representative&source=bl&ots=6fuOnC_TUg&sig=_wzlwwmDzBIFWS4zvE4b-UrjwpY&hl=en&ei=-yjYSomGIIsjakAWO0-ncCA&sa=X&oi=book_result&ct=result&resnum=1&ved=0CA8Q6AEwAA#v=onepage&q=Turner%2C%202001%20authorities%20need%20to%20be%20perceived%20as%20representative&f=false)

Barbados Statistical Service Department, (1998): Informal Sector Survey, 1997/1998, Bridgetown, *Barbados.*

Barnett, J. H. and Karson, M.J. (1987). Personal Values and Business Decisions: An Exploratory Investigation. *Journal of Business Ethics*, vol. 6, No. 2, 371-382.

Becker, G. (1968). Crime and punishment. An economic approach. *Journal of political economy*. Vol. 76, pp. 169-217.

Besfamille, M. (2008). The Relationship Between Tax Evasion and Tax Revenue in Chang, Lai and Chang. *Economics Bulletin*, Vol. 5, No. 14, pp. 1-6

Boyd, D. P. (1981). Improving Ethical Awareness Through the Business and Society Course. *Business and Society*, vol. 20, No. 2, pp. 27-31.

Browning, J. and Zabriskie, N.B. (1983). How Ethical Are Industrial Buyers?. *Industrial Marketing Management*, vol. 12, No. 2, pp. 219-224.

Carillo, M, Pugno M, (2004) The underground economy and Underdevelopment. *Economic Systems* 28: 257–279

Carolina, M., & Pan, L. (2007). The shadow economy in the Netherlands Antilles. *Research Department of the Central Bank of the Netherlands Antilles*

Cassel, D., & Cichy, U. (1986). Explaining the Growing Shadow Economy in East and West: A Comparative Systems Approach. *Comparative Economic Studies*, 28:1, pp. 200–41

Chaudhuri, K., Schneider, F., & Chattopadhyay. (2006). The size and development of the shadow economy: An empirical investigation from states of India. *Journal of Development Economics*, 80: 428– 443

Cherry, T. (2001). Financial Penalties as An Alternative Criminal Sanction: Evidence from Panel Data. *Atlantic Economic Journal*, Springer Netherlands, Vol. 29, No. 4, pp. 96-114.

Cherry, T. (2002). Aggregation bias in the economic model of crime, *Economic Letters*, 75, 81-86



- Christian, C., and Gupta, S. (1993). New Evidence on Secondary Evasion. *Journal of the American Taxation Association*, vol. 16, No. 5, pp. 72-93.
- Clotfelter, C. (1983). Tax Evasion and Tax Rates: An Analysis of Individual Returns. *The Review of Economics and Statistics*, vol. 12, No. 3, pp. 363-373
- Craigwell, R., & Maurin, A. (2005). A comparative analysis of the Barbados And united states business cycles. *Central Bank of Barbados*. pp. 1-15
- Dcd/dac. (2009). Employment is the major route out of poverty. How donors can help background papers. *Organisation for economic co-operation and development*.
- De Soto, H. (1989). *The ather path: The invisibly revolution in the third world*. New York: Harper and raw.
- Dilnot, A. Marris, C. (1981). What do we know about the black economy in the United Kingdom. *Fiscal studies*, 2 (March) 1963-1979.
- Dreher, a .schneider, f. (2006). Corruption and the shadow economy: An empirical analysis. *Forschungsinstitut Institute for the Study of Labor Discussion Paper Series, IZA DP No. 1936*
- Dunne, m. (2008). The united states and Libya: Where do we go from here? Middle East program. *Carnegie Endowment*.
- Echavarría PR, (2008) Business Cycles in Developing vs. Developed Countries: The Importance of the Informal Economy. *University of California Los Angeles*.
- Eck, V, R., & Kazemier, B. (1988). Features of The Hidden Economy In The Netherlands. *Central Bureau of Statistics, The Netherlands, Review of Income and Wealth, Series 34, No 3, September 1988*
- Edgcomb, E. L., Malm, E. T., Losby, J. L., Else, J. F., Kingslow, M. E., & Kao, V. (2002). Informal Economy Literature Review. *Microenterprise Fund for Innovation, Effectiveness, Learning and dissemination, 700(1)*.
- Eilat, Y. Zinnes, C. (2002). The Shadow Economy in Transition Countries: Friend or Foe? A Policy Perspective. Elsevier Science Ltd, Britain. *World Development* Vol. 30, No. 7, pp. 1233–1254,
- Feige, E. L, (1990). Defining And Estimating Underground And Informal Economies: The New Institutional Economics Approach. *World Development*, Vol 18, No 7, University of Wisconsin-Madison, pp. 29
- Fields,G. (1975). Rural-urban migration, urban unemployment and underdevelopment, and job-search activitiesin LDCs. *Jurnal of development economics*, 2, 165-187.

- Feinstein, J. (1991). An Econometric Analysis of Income Tax Evasion and Its Detection. *Rand Journal of Economics*, vol. 22, No. 1, pp. 14-35
- Ferman, B. Ferman, L (1973) The structural underpinning of the irregular economy. Poverty and Human resources abstracts, 8, 3-17.
- Ferman, L. Henry, S. & Hoyman, M. (1987). Issues and prospects for the study of informal economies: concepts, research strategies, and policy. *The annals of American academy of political science*, 493,154-172
- Flathmann, J. and Steven, S. (2003). Are Surveys of Taxpayers' Honesty Honest?. CD-ROM. *International Institute of Public Finance Congress Proceedings*, Prague
- Florea A, Schiop C, (2008). Are there any positive consequences of the underground economy? *ANNALS of the Oradea University*. Fascicle of Management and Technological Engineering, Volume VII (XVII): 2219-2222
- Frey, B. Weck, H. Pommerehne, W. (1982). Has the shadow economy grown in Germany? An exploratory study, *Review of World Economics*, 118/4, pp. 499-524
- Frey, B & Schneider, F. (2000). Informal and Underground Economy. *International Encyclopedia of Social and Behavioural Science*, Bd. 12 Economics, Amsterdam: Elsevier Science Publishing Company
- Friedman, E., Johnson, S., Kaufmann D, & Zoido-Lobaton, P. (2000). Dodging the grabbing hand: determinants of unofficial activity in 69 countries, *Journal of Public Economics* 76:459-493
- Gaertner, W., & Wenig, A. (eds.), *The Economics of the Shadow Economy: Conference Proceedings Bielefeld*, Springer, Berlin, 1985
- George, M. (2007). Measuring the Size of the Informal Economy A Critical Review: *Central Bank Of Cyprus Eurosystem*. Working Paper Series Working Paper 2007-1
- Gerxhani, K. (2002). "The Informal Sector in Transition: Tax Evasion in an Institutional Vacuum. PhD diss., Tinbergen Institute Research Series 265, University of Amsterdam.
- Gerxhani, K. and Arthur, S. (2006). "Tax Evasion and Income Source: A comparative Experimental Study." *Journal of Economic Psychology*, vol. 27, No.3, pp. 402-22
- Giese, S. and Antje, H. (1999). "Tax Evasion and Risky Investments in an Inter Temporal Context – An Experimental Study." Discussion Paper 153, Humboldt University, Berlin

- Gonenc, S. Tanrivermis, H. (2007) Factors affecting informal economy of Rural Turkey; Department of Agricultural Economics, Journal of Applied Science 7 (21):3138-3153
- Greenidge, k. Holder, c. Mayers, s. (2005). Estimating the size of The underground economy in barbados. Annual review seminar Research department Central bank of barbados. pp. 15
- Gumann, (1977). The Subterranean Economy. Financial Analysis Journal, 33, 24-77ff
- Hanousek, J. and Filip P. (2002). “Why People Evade Taxes in the Czech and Slovak Republics: A Tale of Twins. CERGE-EI Discussion Paper 2002–85
- Harris, R. (1990). Ethical Values of Individuals at Different Levels in the Organizational Hierarchy of a Single Firm. Journal of Business Ethics, vol. 9, No. 3, pp. 741-750
- Henley, G, A., Arabsheibani, R, &Carneiro, G. (2009). On Defining and Measuring the Informal Sector: Evidence from Brazil, Swansea University, UK and Francisco. World Development Vol. 37, No. 5, pp. 992–1003
- Himmelweit, S.(2002). Making visible the hidden Economy: the case for Gender-impact analysis of Economic policy. Feminist Economics 8(1), , 49–70 pp. 22
- Hindriks and Myles. (2008). Lectures on Public Finance. Part2\_Chap7, 2008 version
- Hoffman, J. (1998). Are Women Really More Ethical Than Men? Maybe It Depends on the Situation. Journal of Managerial Issues, vol. 10, No. 5, pp. 60-73
- Houston, J (1987) The underground economy: A troubling issue for Policy makers. *Bussiness review Federal reserve bank of Philadelphia*, 3-17.
- <http://www.emeraldinsight.com/Insight/ViewContentServlet?Filename=Published/EmeraldFullTextArticle/Articles/0310260901.html>
- [http://www.mongabay.com/reference/country\\_studies/libya/economy.html](http://www.mongabay.com/reference/country_studies/libya/economy.html)
- [http://docs.google.com/gview?a=v&q=cache:2dWtRMn7cUoJ:www.econ.core.hu/file/download/ktik11/ktik11\\_15\\_abstracts.pdf+What+is+the+effect+of+tax+rate+on+hidden+economy&hl=en](http://docs.google.com/gview?a=v&q=cache:2dWtRMn7cUoJ:www.econ.core.hu/file/download/ktik11/ktik11_15_abstracts.pdf+What+is+the+effect+of+tax+rate+on+hidden+economy&hl=en)
- <http://www.aljazeera.net/NR/exeres/8FCCADE5-6741-4D91-B558-5295441C5A26.htm>.
- Huitfeldt, H. Sida. Jütting, J. (2009). Informality and Informal Employment. *OECD Development Centre*

- Isachsen, A, J., & Strom, S. (1980). The Hidden Economy, the Labor Market and Tax Evasion, *Scandinavian J. Econ.*, 82, pp. 304–11.
- Isachsen, A, J, (1983). The size and growth of the hidden economy in Norway. *the norwegian school of management and steiner str@mdepartment of economics, university of oslo*.pp.18.
- Jackson, B., and Milliron, V. (1986). Tax Compliance Research, Findings, Problems and Prospects. *Journal of Accounting Literature*, vol. 5, No. 7, pp. 125-161.
- Jakobiak, B. (2000).the systematic approach to measuring hidden economy in poland: *Central Statistical Office of Poland Workshop on Measurement of the Non-Observed Economy (NOE)* pp.1-14
- Johnson, S.; D. Kaufmann, and A. Shleifer, (1997): The Unofficial Economy in Transition, *Brookings Papers*, Economic Activity Vol. 0, No. 2, pp. 159-221.
- Karanfil F, Ozkaya A, (2007) Estimation of real GDP and unrecorded economy in Turkey based on environmental data. *Energy Policy* 35:4902–4908.
- Katsios, S. (2006). The shadow economy and corruption in greece. *South-Eastern Europe Journal of Economics*. Vo, 1 61-80, pp. 61
- Kyle, S. Warner, A. (2000). The Shadow Economy in Bulgaria: Institute for Market Economics, *Agency for Economic Analysis and Forecasting*
- Lacko, M. (2007). Interrelationships of the hidden economy and some visible segments of the labour market. Institute of economics. *Hungarian economy of science, Mt-Dp Budapest*.
- Lacko, M., Semjen, A., & Janos, I. (2008). Hidden economy, undeclared employment and non-reported income: government policies and the reaction of economic agents, pp. 259-266
- Landes, D. (1998). *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor*, New York: Norton
- La Porta, R., F. Lopez-de-Silanes, A. Shleifer, and R. Vishny (1999). The Quality of Government, *Journal of Law, Economics, & Organization*. 15: 222-278.
- Leslie King, (2005). Drugs Intelligence Laboratory. Estimating the proportion of United Kingdom drug consumption which is imported, on the basis of Customs and police seizures for particular drugs.
- Lucian. Albu I, (1995). Underground Economy and Fiscal Policies Modeling. This research was undertaken with support from the European Commission's Phare ACE Programme 1994, Contract Number: 94-0139-F. National Institute of Economic Research, Romanian Academy, Bd. General Gh. Magheru, Sect.1, 70159, Bucharest, Romania, Fax: 40-1-335 49 16 or 40-1-650 66 31.

- Marcelli, E.A., (1999). Undocumented Latino Immigrant Workers: the LA Experience, in Haines and Rosenblum (eds) *Illegal Immigration in America*, Westport, Conn., Greenwood Press
- Marshall, A. (1987). Non-standard employment practices in Latin Ammerica. Labor market program, Discussion paper No. 6. Geneva, Switzerland: International Labor Organization.
- Matthew h. Fleming, Roman, J. Farrell, G. (2000). The shadow economy. *Journal of International Affairs*, , no. 2. The Trustees of Columbia University in the City of New York.
- Maurin, A. Sookram, S. Watson, P. K. (2003). Measuring the Size of the Hidden Economy in Trinidad & Tobago, *Economic Measurement Unit Department of Economics University of the West Indies, International Conference on Policy Modelling, EcoMod*.
- Maurin, A. Sookram, S. Watson, P. K. (2006). Measuring the Size of the Hidden Economy in Trinidad & Tobago, 1973-1999. *International Economic Journal*. 20(3): 321-341
- McCrohan, K & Smith, J (1986). A consumer expenditure approach to estimating the size of the underground economy. *Journal of marketing* 50, 48-60
- McCrohan, K. Smith, J., & Adams, T. (1991). Consumer purchases in informal markets: Estimates for the 1980s. *Journal of Retailing* . 67(1). 22-50.
- Mc Gee, R., and Bernal, A. (2006). The ethics of tax evasion: A Survey of Business Students in Poland. Presented at the Sixth Annual International Business Research Conference, co-sponsored by the Coggin College of Business, University of North Florida and the School of Management, Warsaw University, February 10-11, 2006, Jacksonville, Florida.
- Mc Gee, R., & Lingle, C. (2006). Tax Evasion and Business Ethics: A Comparative Study of Guatemala and U.S.A. *andreas School of Business*. Working Paper.
- McGee, R. Ho, S. & Li, A. (2006). A Comparative Study on Perceived of Tax Evasion: Hong Kong vs the United States. Presented at the World Business Ethics Forum, Hong Kong and Macau, November 1-3, 2006.
- Mc Gee, R., & Bose, S. (2007). Tax Evasion: A Survey of Australian Opinion. *andreas School of Business*. Working Paper
- Mc Gee, R., and Rossi, M. (2006). The Ethics of Tax Evasion: A Survey of Law and Business Students in Argentina. the Sixth Annual International Business Research Conference, co-sponsored by the Coggin College of Business, University of North Florida and the School of Management, Warsaw University, February 10-11, 2006, Jacksonville, Florida.

- McGee, R. & Sheldon, R. (2007). Ethics, Tax Evasion, Gender and Age: An Empirical Study. Presented at the Annual Meeting of the American Accounting Association, Chicago, August 5-8, 2007.
- Mogensen, V., Hans, K., Kvist, E., & Pedersen, S. (1995). The Shadow Economy in Denmark 1994: Measurement and Results, *Rockwool Foundation Research Unit, Copenhagen*. Study No. 3,
- Murtuza, A. & Ghazanfar, S. (1998). Taxation as a Form of Worship: Exploring the Nature of Zakat. *Journal of Accounting, Ethics and Public Policy*, vol. 1, No 3, 134-161.
- Nastav, B., Bojnec, S. (2007). Shadow Economy in Slovenia: The Labour Approach. *Managing Global Transitions* 5 (2): 193–208.
- Ndubisi NO., (2004), Factors influencing e-learning adoption intention: Examining the determinant structure of the decomposed theory of planned behaviour constructs, Universiti Malaysia Sabah, Malaysia.
- Nourzad, F. (1995). Public Capital Formation and Productivity Growth: Some International Evidence. *Journal of productivity analysis*. vol. 6, No. 4, pp. 255-287
- O'Neill, D. M. (1983): Growth of the Underground Economy 1950-1981: Some Evidence from the Current Population Survey, Study for Joint Economic Committee, Vol. 98, No. 122, United States Government Printing Office, Washington DC.
- Orviska M, Caplanova A, Medved J, Hudson J, (2006) A cross-section approach to measuring the shadow economy. *Journal of Policy Modeling* 28:713–724.
- Pesaran, M.H. (1997), The role of economic theory in modelling the long run, *The Economic Journal*, 107, 178-191.
- Pommerehne, W., Hart, A. and Frey, B.S. (1994), Tax Morale, Tax Evasion and the Choice of Policy Instruments in Different Political Systems, *Public Finance*, Vol. 49, No 6, pp. 52-69.
- Pommerehne, Werner W. and Friedrich Schneider. 1985. The Decline of Productivity Growth and the Rise of the Shadow Economy in the U.S., Working Paper 85:9, U. Aarhus, Denmark.
- Putnam, R. (1993). *Making Democratic Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press
- Ray, D. (1998). *Development Economics*. Princeton University Press, NJ
- Reed, M. (1985). An alternative view of the underground economy. *Journal of economic issues*, 19 (2).

- Renooy, P. (1990) *The Informal Economy: Meaning, Measurement and Social Significance*. Study No. 115, Geographical Studies, Amsterdam, Holland.
- Renooy, P., Ivarsson, S., van der Wusten-Gritsai, O. and R. Meijer (2004). *Undeclared Work in an Enlarged Union*. Final Report. Brussels: European Commission.
- Ritsema, C., Thomas, D., and Gary, F. (2003). Economic and Behavioral Determinants of Tax Compliance: Evidence From The 1997 Arkansas Tax Penalty Amnesty Program. Working Paper Presented at IRS Research Conference.
- Saracoglu, D.S. (2008). The informal sector and tax on employment: A dynamic general equilibrium investigation. *Journal of Economic Dynamics & Control* 32:529–549.
- Sassen, K, S. (1989). New York City's Informal Economy. In: *The Informal Economy: Studies in Advanced and Less Developed Countries*, edited by A. Portes, M. Castells, and L. A. Benton, 60-77. Baltimore, MD: The Johns Hopkins University Press.
- Schneider, F. (2002). The hidden financial flows of Islamic terrorist organizations: Some preliminary results from an economic perspective. C:\Studien\Finance Terror english.doc 3. Version.
- Schneider, F, Enste, (1998). AIncreasing Shadow Economies All Over the World - Fiction or Reality? A Survey of the Global Evidence of their Size and of their Impact from 1970 to 1995. Working Paper No. 26, Department of Economics, University of Linz.
- Schneider, F., Enste D. (2002). *The Shadow Economy: Theoretical Approaches, Empirical Studies, and Political Implications*, Cambridge (UK): Cambridge University Press.
- Schneider F, (2004) Shadow economies around the world: what do we really know? *European Journal of Political Economy* 21:598– 642.
- Schneider, F., (2007) Size and Development of the Shadow Economy in Germany and Austria: Some preliminary findings. *Centre for Research in Economics, Management and the Arts Working Paper No. 2007 – 15*
- Schneider, F. (2008), The Shadow Economy in Germany: A Blessing or a Curse for the Official Economy? *Economic Analysis & policy* 38(1):89-111.
- Schneider F, Braithwaite V, Reinhart M, (2001) Individual Behaviour in the Cash/Shadow Economy in Australia: Facts, Empirical Findings and some Mysteries. *Department of Economics Johannes Kepler University of Linz Working Paper No. 0107*

- Schneider F, Chaudhuri K, Chatterjee S (2003) The Size and Development of the Indian Shadow Economy and a Comparison with other 18 Asian Countries: An Empirical Investigation. *Johannes Kepler University of Linz Working Paper* No. 0302
- Schneider, F. and D. Enste, (2000): Shadow Economies: Size, Causes, and Consequences, *The Journal of Economic Literature*, Vol. 38, No. 1, pp. 77-114.
- Schneider, F., Enste D. (2002). The Shadow Economy: Theoretical Approaches, Empirical Studies, and Political Implications, Cambridge (UK): *Cambridge University Press*.
- Schneider F., Enste, D. (2002), Hiding in the Shadows. The Growth of the Underground Economy, *International Monetary Fund*.
- Sekaran, U., 2003, Research Methods for Business: A Skill-Building Approach, John Wiley & Sons Inc., USA
- Sethuraman, S. (1981). The urban informal sector in developing countries: Employment, poverty, and environment. Geneva, Switzerland: International Labor Organization.
- Shende, S.N. (n.d) Informal economy. *The special tax regime for small and micro businesses: design and implementation*. UN, Washington.
- Simon, C. Witte, A (1982): *Beating the system: The underground economy*, Boston, (Mas.): *Urban House Publishing company*.
- Slack, T. (2005) Work, Welfare, and the Informal Economy: An Examination of Family Livelihood Strategies in Rural Pennsylvania. Louisiana State University, Department of Sociology
- Sookram, S. Schneider, F. Watson, P. K. (2006) Characteristics of the household sector of the hidden economy In an emerging economy. Sir Arthur Lewis Institute of Social & Economic Studies, university of the West Indies, St. Augustine, Trinidad & Tobago. pp. 28
- Stone, A (2008). Mnsed/Fpd, Middle East/North Africa Region, The World Bank, April 29.
- Stulhofer, A. (1999) Between Opportunism and Distrust: Socio-Cultural Aspects of the Underground Economy in Croatia. in: E. Feige and K. Ott (eds) *Underground Economies in Transition: Unrecorded Activity, Tax Evasion, Corruption and Organized Crime* (Aldershot: Ashgate Publishing), pp. 43-63
- Thomas, Jim J. (1999): Quantifying the Black Economy: 'Measurement without Theory' Yet Again?, *The Economic Journal* 109/456, pp. 381-389.
- Tittle, C. (1980). *Sanctions and Social Deviance: The Question of Deterrence*. New York: Praeger.



- Todaro, M. (1969). A model of labor migration and urban unemployment in less developed countries. *American economic review*, 59, 138-148
- Torgler, B. Schneider, F. (2007) Shadow Economy, Tax Morale, Governance and Institutional Quality: A Panel Analysis. *Discussion paper. Forschungsinstitut zur Zukunft der Arbeit Institute for the Study of Labor. University of California, Berkeley and crema*, Iza dp no. 2563
- Torgler, B. Schneider, F. (2009) The impact of tax morale and institutional quality on the shadow economy. *Journal of Economic Psychology* 30: 228–245
- Torgler, Benno. (2002). “Does Culture Influence Tax Morale? Evidence from Different European Countries. WWZ (Wirtschaftswissenschaftlichen Zentrum der Universität Basel) Discussion Paper, 02/08.
- Torgler, B. Schneider, F. Christoph, A. Schaltegger (2008) Local Autonomy, Tax Morale and the Shadow Economy. *Center for Research in Economics, Management and the Arts. Working Paper No-24*
- Turner, J. C. (1991). *Social Influence*. Open University Press. UK.
- Tunyan B, (2005) The Shadow Economy of Armenia: Size, Causes and Consequences. Third International AIPRG conference on Armenia World Bank Washington, D.C.
- Turner, J. Hogg, A. Oakes, J. Reicher, D. Wetherell, S. (1987). *Rediscovering the Social Group: A Theory of Self-categorization*. New York: Basil Blackwell.
- U.S. Department of Labor. (1992). *The underground economy in the united states*. Wahsington, DC: U.S. *Government printing office*. Occasional Paper Series on the Informal Sector, Occasional Paper No 2.
- Wallace C, Haerpfel C, Latcheva R, (2004) The informal economy in east-central Europe 1991-1998. Institute for Advanced Studies, Vienna. Sociological Series.
- Warneryd, K., and Walerud, B. (1982). Taxes and Economic Behavior: Some Interview Data on Tax Evasion in Sweden. *Journal of Economic Psychology*, vol. 2, No. 4, pp. 187-211
- Weber, M. (1958). *The Protestant Ethic and the Spirit of Capitalism*. New York: Charles Scribner's Sons
- Wenzel, M. (2001). Misperceptions of social norms about tax compliance: A prestudy.
- Westat Inc. (1980). Individual Income Tax Compliance Factors Study Qualitative Research. Prepared for the Internal Revenue Service.

- Williams, C.C., & Renooy, P. (2008). Measures to tackle undeclared work in the European Union, *European Foundation for the improvement of living and working conditions*, Dublin 18, Ireland.
- Witte, A. & Woodbury, D. (1985). The Effect of Tax Laws and Tax Administration on Tax compliance: The Case of the U.S. Individual Income Tax. *National Tax Journal*, vol. 38, No. 1, pp. 1-13
- Young, J. (1994). Factors Associated with Noncompliance: Evidence from the Michigan Tax Amnesty Program. *Journal of the American Taxation Association*, 16 (2), pp. 82-105.