

<http://hdr.undp.org/en/reports/global/hdr2011/>. 8. Дослідження Світового економічного форуму про конкурентоспроможність в світі [Електронний Ресурс].- The Global Competitiveness Report 2011-2012 - Режим доступу.- <http://gcr.weforum.org/gcr2011/>. 9. Дослідження Світового економічного форуму про конкурентоспроможність в світі [Електронний Ресурс].- The Global Competitiveness Report 2010-2011.- Режим доступу.- <http://gcr.weforum.org/gcr2011/>. 10. Дослідження Світового економічного форуму про конкурентоспроможність в світі [Електронний Ресурс].- The Global Competitiveness Report 2009-2010.- Режим доступу.- <http://gcr.weforum.org/gcr2011/>

Поступила в редакцію 2.04.2012р

УДК 657.1

GÁBOR RÉTHI, University of Miskolc, Institute of Management Science, Hungary

CORRUPTION AND CULTURAL DIFFERENCES THROUGH THE LENSES OF TROMPENAARS MODEL

У статті розглянуті корупція та культурні відмінності через призму моделі Тромпенаарса

В статье рассмотрены коррупция и культурные различия через призму модели Тромпенаарса

This study builds on the work of Tsakumis et al. (2007) by conducting further empirical analysis of the relationship between cultural dimensions and corruption across countries using multiple measures of corruption to gain additional evidence on the subject. Moreover, this study extends the preliminary international tax evasion model developed by Tsakumis et al. (2007) to examine, along with culture, the impact of Trompenaarsian dimensions on corruption across countries. Based on data from 41 countries, and after controlling for economic development, the regression results indicate that the higher the level of collectivism the higher the level of diffuse and the lower the level of achievement, the higher is the level of tax evasion across countries. These findings remain robust to multiple measures of corruption. Managers should find the results of this study useful in assessing the likelihood of corruption from cultural perspectives, and in developing tax reform policies to reduce tax evasion and corruption.

Key words: culture, corruption, Trompenaars model, CPI

Introduction. Nobody likes paying taxes. The most popular instrument to “force” people to pay their taxes is deterrence policy. In line with the economics of crime approach, based on the expected utility maximization calculus, Allingham and Sandmo (1972) presented a formal model, showing that the extent of tax evasion is negatively correlated with the probability of detection and the degree of punishment. However, this groundbreaking model has many shortcomings. People who exhibit empirically observed levels of risk aversion normally pay their taxes, although there is a low probability of getting caught and being penalized. Thus, people are more honest than deterrence models would predict. There is a wide gap between the risk aversion that would guarantee such a high compliance and the

much lower individual risk aversion observed in reality (Graetz & Wilde, 1985; Alm, McClelland, & Schulze, 1999; Frey & Feld, 2002). Tax compliance experiments also indicate that individuals report a higher level of income than the expected utility model would predict (Alm, 1999; Torgler, 2002). Many years ago, Baldry (1987: 377) pointed out: “Rather than question the experimental method, these results suggest that it is perhaps the theory which needs revision (...)”.

Traditional models have the disadvantage that they treat taxation and corruption as an isolated case. However, recent studies indicate that subjects do not act as isolated individuals playing a “game against nature” (Alm, McClelland, & Schulze, 1992; Wenzel & Taylor, 2004). In this paper, I emphasize the relevance that tax compliance and corruption take place in a social context. The behavior of other taxpayers and social actors is of great importance in understanding taxpayers’ compliance and the reallocation of power and resources. As a consequence, theories on pro-social behavior, that take the behavior of others into account, may be a promising concept. Taxpayers are willing to pay their taxes conditionally, depending on the pro-social behavior of other taxpayers; the more other taxpayers are perceived to be honest, the more willing individuals are to pay their own taxes. The extent to which others also contribute triggers more or less cooperation and systematically influences the willingness to contribute. I use survey data to test whether “conditional cooperation” can be identified.

Tax evasion³ and corruption⁴ is a widespread phenomenon and continues to be a problem for many countries. For example, Greece’s underground economy is estimated to equal approximately 40% of GDP—the largest in the European Union (Athens, 1997). Italian tax authorities estimate that 15% of all economic activity goes unreported (Rome, 1997).⁵ In the United States, estimates of lost tax revenues for 2001 were as high as \$353 billion. Of this \$353 billion, intentional underreporting of income represented anywhere from \$250 to \$292 billion (IRS, 2005).

Some form of penalty usually is used as a means to control tax evasion within countries. The penalties most commonly used in the United States include fines and imprisonment. Even though penalties and audits exist, tax evasion continues to pose a significant threat to countries’ economies by placing a strain on a country’s budget through lost revenues. Many studies have

³ As noted by Sandmo (2005), tax evasion is a violation of tax law whereby the taxpayer refrains from reporting income which is, in principle, taxable. Tax avoidance is within the legal framework whereby the taxpayer takes advantage of tax provisions to minimize the tax liability. Also, it is important to distinguish between tax evasion and corruption, which are very different concepts. Tax evasion involves hiding the real value of a legal transaction to avoid fiscal (i.e., tax) liability, while corruption involves a transaction in which one agent typically pays a sum of money or performs a service in exchange for an illicit act by a public official (Andreoni, Erard, & Feinstein, 1998).

⁴ Corruption is commonly defined as the misuse or violation of power.

⁵ The IRS (2005) updated its estimates of the tax gap for 2001 to \$343 billion as the difference between what taxpayers should have paid and what they actually paid on a timely basis. This revised figure falls at the high end of the range of \$312 to \$353 billion per year.

examined the effects of varying penalties, audit rates, and other variables on tax evasion (Porcano, 1988); fewer empirical studies have examined tax compliance levels from an international perspective (Riahi-Belkaoui, 2004; Richardson, 2006). Only Alm and Torgler (2006) investigates the relation of culture to tax morale for a “large” number (16) of countries.

This study further explores the role that national culture might play in explaining countries’ tax evasion behaviour. Culture is a multivariate concept, and this is the first study to investigate which cultural framework is the best as an explanator of international corruption diversity; that is, it uses Trompenaars’ 7 cultural dimensions as measures of culture and analyzes their relation to corruption for 41 countries in various geographic areas.

Therefore, the purpose of this study is to explore the extent to which international differences in corruption can be explained by differences in national culture, as proposed by Trompenaars (1993). Trompenaars and Hampden-Turner defined a different set of dimensions during their cross-cultural studies, using a database containing more than 30.000 survey results. These dimensions are universalism vs. particularism, individualism vs. communitarianism, achievement vs. ascription, neutral vs. affective, specific vs. diffuse, human-nature relationship, human-time relationship.

The results suggest that these cultural frameworks appear to be relevant in explaining corruption levels. In case of Trompenaars’ model, higher (lower) collectivism and diffuse dimensions are associated with higher (lower) corruption levels across countries. I found controversial correlation between achievement and corruption.

Culture and cultural dimensions

Culture has been defined in several different ways. Some of the commonly used definitions of culture are presented in this section. Some defines culture as a set of values that an individual grows up with. They add that it is a combination of the personal values and morals as well as the society's influence on the individual in his/her growing years. Hence, it is the shared way groups of people understand and interpret the world. They conclude that culture influences the ways in which a person perceives and reacts to certain situations.

The anthropological term designates those aspects of the total human environment, tangible and intangible, which have been created by men. A “culture” refers to the distinctive way of life of a group of people, their complete “design for a living”. Culture seems to be the master concept of American anthropologists.

Most anthropologists would basically agree with Herskovits’s propositions on the theory of culture:

Culture is learned.

Culture is derives from the biological, environmental, psychological, and historical components of human existence.

Culture is structured.

Culture is divided into aspects.

Culture is dynamic.

Culture is variable.

Culture exhibits regularities that permit its analysis by the method of science.

Culture is the instrument whereby the individual adjust to his total setting, and gains the means for the creative expression.

Kroeber and Kluckhohn (1952) suggested an other definition:

Culture consists of patterns, explicit and implicit of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i. e., historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditioning elements in a future action.

Trompenaars, as Hofstede, underlines the collective nature of culture. Trompenaars' brief and well-known definition is the following: 'culture is the way in which a group of people solves problems.' (Trompenaars, 1993: 6) Trompenaars' cultural dimensions are summarized as follows:

Universalism versus particularism (T_UNI): The first dimension defines how people judge the behaviours of their colleagues. People from universalistic cultures focus more on rules, are more precise when defining contracts and tend to define global standards for company policies and human resources practices. Within more particularistic national cultures, the focus is more on the relationships; contracts can be adapted to satisfy new requirements in specific situations and local variations of company and human resources policies are created to adapt to different requirements.

Individualism and Communitarianism (T_COL): This dimension classifies countries according to the balance between the individual and group interests. Generally, team members with individualist mind-sets see the improvements to their groups as the means to achieve their own objectives. By contrast, the team members from communitarian cultures see the improvements to individual capacities as a step towards the group prosperity.

Achievement versus ascription (T_ACH): This dimension, presented in Trompenaars studies, is very similar to Hofstede's power distance concept. People from achievement-oriented countries respect their colleagues based on previous achievements and the demonstration of knowledge, and show their job titles only when relevant. On the other hand, people from ascription-oriented cultures use their titles extensively and usually respect their superiors in hierarchy.

Neutral versus affective (T_NEU): According to Trompenaars, people from neutral cultures admire cool and self-possessed conducts and control their feelings, which can suddenly explode during stressful periods. When working with stakeholders from neutral countries you may consider avoiding warm, expressive or enthusiastic behaviours, prepare beforehand, concentrate on the

topics being discussed and look carefully for small cues showing that the person is angry or pleased. People from cultures high on affectivity use all forms of gesturing, smiling and body language to openly voice their feelings, and admire heated, vital and animated expressions.

Specific versus diffuse (T_DIFF): Trompenaars researched differences in how people engage colleagues in specific or multiple areas of their lives, classifying the results into two groups: people from more specific-oriented cultures tend to keep private and business agendas separate, having a completely different relation of authority in each social group. In diffuse-oriented countries, the authority level at work can reflect into social areas, and employees can adopt a subordinated attitude when meeting their managers outside office hours.

Human-nature relationship (internal vs external control) (T_NAT): Trompenaars shows how people from different countries relate to their natural environment and changes. Global project stakeholders from internal-oriented cultures may show a more dominant attitude, focus on their own functions and groups and be uncomfortable in change situations. Stakeholders from external-oriented cultures are generally more flexible and willing to compromise, valuing harmony and focusing on their colleagues, being more comfortable with change.

Human-time relationship (T_TIME): Trompenaars identified that different cultures assign diverse meanings to the past, present and future. People in past-oriented cultures tend to show respect for ancestors and older people and frequently put things in a traditional or historic context. People in present-oriented cultures enjoy the activities of the moment and present relationships. People from future-oriented cultures enjoy discussing prospects, potentials and future achievement.

Corruption

Corruption, as with many ethical concepts, is very difficult to define in a universally acceptable fashion. While Webster's Dictionary defines corruption as "bribery or similar dishonest dealings," what may be classified as corruption to some may not be so classified as corruption by others. For example, bribery and political favouritism may be considered corruption and unacceptable by some but an acceptable business practice by others (Jain, 2000). Scholarly interest in corruption is growing fast, both in terms of theoretical treatment and empirical research. Comprehensive reviews of that literature are offered in Husted (1999).

Formal institutions cannot adequately explain the distinct levels of tax evasion and corruption in different countries. In addition, wherein taxes are a windfall burden, it should not matter to a citizen whether the government delivers the services promised or not, or whether or not other people pay. If we move a step further, we found the public choice approach which introduces public goods as another aspect of formal institutions. The outcome is, however, that it is generally still rational for a citizen to completely free ride and not pay taxes, no matter what the government and other citizens do. As a result, the

public choice approach does not solve the puzzle either. We can broaden the analysis by introducing the level of trust, both between citizens and the government, and between the citizens themselves as variables to explain tax evasion and corruption.

Given that the problem of tax evasion appears to be more substantial in institutionally less developed countries (i.e., transition countries). About a decade ago, these countries went through an institutional shock, caused by the collapse of former communist regime. The level of the institutional shock varied per country, depending on the type of regime. On one hand, the communist regime was over-organized, where bureaucratic orders and ideological repression determined what individuals had to do. On the other hand, it was characterized by organizational failure, which motivated individuals to create and rely on informal networks. Such a 'dual society' of formal versus informal networks (institutions) was far more developed in the Soviet Union, where it had been in place for more than 70 years, than in the Czech Republic (Rose, 2000). In Eastern Europe, similar characteristics were observed in Albania, where the totalitarian regime lasted for more than 40 years. As a consequence, these societies experienced significant distrust in the government and formal institutions. The substitute was found in family-, friends- or local networks. After the collapse of communism, in countries where the 'dual society' was dominant, and where in addition the new governments did not manage to function properly, trust has eroded even further, forcing people to invest and rely more on networks.

Sample

The sample for this study (see [Table 1](#)) consists of 41 countries. It encompasses both developed and developing countries, and a mixture of countries distinguished by language, culture, and geography. The countries included in the sample are diverse. I chose countries what have all needed scores: cultural dimensions, CPI, control variables. Data for this study are collected from a broad range of public sources. I retrieved the data from World Bank's database, Hofstede's database, and other websites (such as www.nationmaster.com). I have found 41 countries what can fulfill these requirements.

Control variable

The level of economic development in a country may influence its level of corruption. I use HDI factor, GI factor by Kaufmann et. al (1999a; 1999b), and taxes on goods and services by World Bank (E_TOGS) as control variables. Tsakumis et al. (2007) expected a negative relation between the level of economic development and the level of tax evasion in a country.⁶ I expect a

⁶ It is a limitation of Tsakumis et al.'s work (2007) because we could improve the robustness of model, if we include such variables like Richardson (2008) did: legal enforcement (LEGAL), trust in government (TGOV), and religiosity (RELIG).

negative relation between HDI factor and the level of corruption; positive relation between E_TOGS and the level of corruption – more taxes, higher corruption; and positive relation between GI factor and the level of corruption – GI factor is the description of government’s performance and bureaucracy.

Table 1- List of sample countries (n=41)

| | | |
|----------------|-------------|--------------|
| Argentina | Hungary | Portugal |
| Australia | India | Russia |
| Austria | Indonesia | Singapore |
| Brazil | Ireland | South Africa |
| Canada | Italy | Spain |
| China | Israel | Sweden |
| Czech Republic | Japan | Switzerland |
| Denmark | Malaysia | Taiwan |
| Egypt | Mexico | Thailand |
| Finland | Netherlands | Turkey |
| France | New Zealand | UK |
| Germany | Nigeria | USA |
| Greece | Philippines | Venezuela |
| Hong Kong | Poland | |

Hypotheses

Hypothesis 1a. The higher the HDI factor in a country, the lower the level of corruption in that country.

Hypothesis 1b. The higher the E_TOGS in a country, the higher the level of corruption in that country.

Hypothesis 1c. The higher the GI factor in a country, the higher the level of corruption in that country.

Cultural variables

The primary variables of interest are T_COL, T_DIFF, and T_ACH. My hypotheses predict positive sign on T_COL (higher T_COL leads to higher corruption in a country), on T_DIFF (higher T_DIFF leads to higher corruption in a country), and on T_ACH (higher T_ACH leads to higher corruption in a country).

Hypothesis 2a. The higher the T_COL in a country, the higher the level of corruption in that country.

Hypothesis 2b. The higher the T_DIFF in a country, the higher the level of corruption in that country.

Hypothesis 2c. The higher the T_ACH in a country, the lower the level of corruption in that country.

Research design

I modified the research design of Tsakumis et al. (2007). Cultural frameworks provide index scores for the seven national cultural dimensions for the 41 countries. Thus, this study investigates corruption levels across 41 countries. It analyzes the relation of the cultural dimensions to the level of corruption.

Dependent variable

My hypotheses relate to the impact of national cultural dimensions on corruption levels across countries. Actual corruption is unknown and impossible to determine; thus, studies on corruption use surrogate measures for actual corruption. Many studies use hypothetical corruption or perceptions of corruption. Some use government estimates of corruption. No single measure has been shown to be better than any other measure.

I use the Corruption Perception Index (CPI) offered by Transparency International since 1995. Although it is difficult to agree on a precise definition, there is consensus that corruption refers to acts in which the power of public office is used for personal gain in a manner that contravenes the rules of the game (Jain, 2000). I updated the data and looked for scores for every sample countries. I used data of 1995-2010. Table 2 lists the sample countries along with their mean CPI scores. These countries are located in all parts of the globe, range from large to small, and include both developed and developing nations. The three highest scores (i.e., the least corrupt countries) are Denmark, New Zealand, and Sweden. Nigeria, Indonesia, and Venezuela are the most corrupt.

Table 2- Corruption levels for sample countries

| Country | CPI | Country | CPI | Country | CPI |
|----------------|--------|-------------|--------|--------------|--------|
| Argentina | 3,0975 | Hungary | 4,9850 | Portugal | 6,3538 |
| Australia | 8,6788 | India | 2,9725 | Russia | 2,3900 |
| Austria | 7,9019 | Indonesia | 2,2256 | Singapore | 9,1888 |
| Brazil | 3,6513 | Ireland | 7,7375 | South Africa | 4,8969 |
| Canada | 8,8456 | Italy | 4,6400 | Spain | 6,3475 |
| China | 3,2481 | Israel | 6,7320 | Sweden | 9,2375 |
| Czech Republic | 4,5980 | Japan | 6,9900 | Switzerland | 8,8269 |
| Denmark | 9,5431 | Malaysia | 5,0069 | Taiwan | n/a |
| Egypt | 3,1386 | Mexico | 3,3713 | Thailand | 3,3113 |
| Finland | 9,4844 | Netherlands | 8,8519 | Turkey | 3,7219 |
| France | 6,9013 | New Zealand | 9,4381 | UK | 8,3831 |
| Germany | 7,9088 | Nigeria | 1,7767 | USA | 7,5100 |
| Greece | 4,4625 | Philippines | 2,7131 | Venezuela | 2,3706 |
| Hong Kong | 7,8944 | Poland | 4,3300 | | |

Source: <http://www.transparency.org>

Independent variables

The independent variables are denoted in this study by Trompenaars's cultural dimensions and in addition, control variables (HDI factor, GI factor, and E_TOGS). The cultural dimensions are all measured in terms of country-based scores.

Model specification

The standard model consists from cultural variables and the control variables. I use only one cultural framework for a model. According to the hypotheses, I constructed a model.

To test my hypotheses, I estimate the following model for Trompenaars' model:

$$CPI_i = \alpha_0 + \alpha_1 T_UNI_i + \alpha_2 T_COL_i + \alpha_3 T_DIFF_i + \alpha_4 T_NEU_i + \alpha_5 T_ACH_i + \alpha_6 T_TIME_i + \alpha_7 T_NAT_i + \alpha_8 HDI_i + \alpha_9 GI_i + \alpha_{10} E_TOGS_i + e_i \quad (1)$$

(-) (+) (+) (-) (+) (-) (-) (+) (-) (+)

Results⁷

Descriptive statistics

Table 3 presents descriptive statistics for the full sample of 41 countries. Considerable diversity exists with regard to corruption levels across countries. There is considerable variability in the independent variables of primary interest.

Table 3- Descriptive statistics

| | N | Min | Max | Mean | Std. Deviation |
|------------|----|----------|---------|----------|----------------|
| CPI | 40 | 1,78 | 9,54 | 5,8416 | 2,53918 |
| T_UNI | 41 | 17,00 | 90,00 | 56,3659 | 17,11543 |
| T_COL | 41 | 10,00 | 90,00 | 51,7561 | 19,08636 |
| T_DIFF | 41 | 10,00 | 90,00 | 45,3659 | 20,42273 |
| T_NEU | 41 | 10,00 | 80,00 | 51,3415 | 13,73428 |
| T_ACH | 41 | 16,00 | 95,00 | 56,4634 | 16,97660 |
| T_TIME | 41 | ,00 | 2,00 | ,9268 | ,72077 |
| T_NAT | 41 | 10,00 | 90,00 | 49,3902 | 17,03948 |
| HDI factor | 40 | -2,60156 | 1,37788 | ,0000000 | |
| GI factor | 41 | -2,11892 | 1,26991 | ,0000000 | |
| E_TOGS | 37 | 3,1195 | 56,4124 | 29,4809 | 12,5512 |

Hypothesis testing for Trompenaars' cultural dimensions

Table 5 reports the results from estimating the multiple regression model specified in Eq. (1). The model is significant ($F = 35.623$, $p < .0001$) and the independent variables explain a relatively high percentage of variation in the dependent variable (adjusted R^2 of .932). The results for the primary variables of interest are the same both with and without the inclusion of the control variables in the model.

⁷ I used SPSS for analysing data.

Table 4- Regression results with Trompenaars' cultural dimensions

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 2,766 | 1,283 | | 2,156 | ,041 |
| HDI factor | ,206 | ,193 | ,082 | 1,070 | ,295 |
| GI factor | 2,440 | ,230 | ,953 | 10,616 | ,000 |
| E_TOGS | -,007 | ,012 | -,036 | -,623 | ,539 |
| T_UNI | ,029 | ,014 | ,197 | 2,114 | ,044 |
| T_COL | -,004 | ,010 | -,033 | -,416 | ,681 |
| T_DIFF | ,033 | ,016 | ,245 | 2,032 | ,052 |
| T_NEU | ,014 | ,015 | ,069 | ,932 | ,360 |
| T_ACH | -,002 | ,018 | -,015 | -,124 | ,903 |
| T_TIME | -,215 | ,237 | -,061 | -,907 | ,373 |
| T_NAT | ,001 | ,011 | ,007 | ,098 | ,923 |

Hypothesis 2a predicted that higher T_COL is related to higher corruption levels across countries. Even after controlling for the level of economic development across countries, the regression coefficient for T_COL is negative and not significant ($p = .681$). Thus, I conclude that higher T_COL is related to lower corruption levels across countries, but it does not influence significantly the CPI.

Hypothesis 2b predicted that higher T_DIFF is related to higher corruption levels across countries. The regression coefficient for T_DIFF is positive and not significant ($p = .052$). Higher T_DIFF is related to higher corruption levels across countries, supporting Hypothesis 2b.

Hypothesis 2c predicted that higher T_ACH is related to lower corruption levels across countries. The regression coefficient for T_ACH is negative and not significant ($p = .903$). Higher T_ACH is related to lower corruption levels across countries, supporting Hypothesis 2c.

Control variable

Table 4, 5, 6 also report a relation between the level of economic development (HDI factor, GI factor, E_TOGS) and corruption levels across countries.

Hypothesis 1a predicted that higher HDI factor is related to lower corruption levels across countries. The regression coefficient for HDI is negative and not significant. Thus, I conclude that higher HDI is related to lower corruption levels across countries, but it does not influence significantly the CPI. Thus, Hypothesis 1a is supported.

Hypothesis 1b predicted that higher E_TOGS is related to higher corruption levels across countries. The regression coefficient for E_TOGS is negative and not significant. Thus, I conclude that higher E_TOGS is related to lower corruption levels across countries, but it does not influence significantly the CPI. Thus, Hypothesis 1b is surprisingly ignored.

Hypothesis 1c predicted that higher GI factor is related to higher corruption levels across countries. The regression coefficient for GI is positive and significant. Thus, I conclude that higher GI is related to higher corruption levels across countries, and it influences significantly the CPI. Thus, Hypothesis 1c is supported.

Conclusion

In this study, I investigated the influence of Hofstede's cultural dimensions on tax compliance levels across 57 countries. Taken as a whole, my results support the general proposition that national culture, as proposed by Hofstede, is a significant factor in explaining tax evasion levels across countries. The results of the proposed model (Eq. (1)) show that neither of two new cultural dimensions are related to international tax evasion levels in the expected directions. Specifically, the results indicate that higher (lower) uncertainty avoidance and power distance are associated with higher (lower) tax evasion levels across countries while higher (lower) individualism is associated with lower (higher) tax evasion across countries, as tested by Tsakumis et al. (2007). This result is consistent with research examining the relationship between Hofstede's framework and global financial reporting, particularly for uncertainty avoidance and individualism (Doupnik & Tsakumis, 2004). And it was also found that higher (lower) masculinity is associated with lower (higher) tax evasion.

This study investigated if the model offered by Tsakumis et al. (2007) is able to manage new variables what could prove robustness. That model employed Hofstede's cultural framework as a means to explain international tax compliance diversity. Its results suggest that national culture is useful in explaining tax evasion levels across countries. Based on their results, we can describe a tentative cultural profile of a low tax compliance country (i.e., a high tax evasion country) as one that possesses high UA, low IND, low MASC, and high PD. These results may aid in directing future research by serving as the beginning of a framework for future international tax compliance studies. But we can recognize that culture is an unsteady factor. More and more aspects linked with culture are discovered. That is why, it is hard to predict cultural profile exactly, as we can not understand completely its influence on phenomenon and on other cultural dimensions.

The limitations of Tsakumis et al. (2007)'s research also appear in this current study. First, Hofstede's cultural dimensions were developed over 20 years ago, which may make them appear outdated. However, it is important to note that several studies (Merritt, 2000) confirm the reliability, validity, applicability, and direction of differences of Hofstede's scores over time and across countries. Second, the current study focuses on national cultural dimensions as the primary explanators of tax evasion levels across countries. To develop a more complete international tax compliance model, future research

should examine other variables (e.g., countries' legal systems⁸) in conjunction with national culture. Third, this study's sample consisted of 57 countries, and the sampling was not appropriate in statistical sense. Therefore, additional research may be needed to ensure that the results are generalizable to other countries. In addition, future research should examine the role of national culture in mitigating the efficacy of tax evasion penalties within and across countries. It also should explore the use of "home country" and "tax return preparation outsourced" as additional variables in audit-selection models.

The model is weakening by adding more variables, that is why reviews are needed and researchers should examine more soft factors' influences on tax evasion.

Acknowledgement

The described work was carried out as part of the TÁMOP-4.2.2/B-10/1-2010-0008 project in the framework of the New Hungarian Development Plan. The realization of this project is supported by the European Union, co-financed by the European Social Fund.

References: **1.** Allingham, M. G., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics* , 1, 323-338. **2.** Alm, J. (1999). Tax compliance and administration. In W. B. Hildreth, & J. A. Richardson (Eds.), *Handbook on Taxation* (pp. 741-768). New York: Marcel Dekker. **3.** Alm, J., & Torgler, B. (2006). Culture differences and tax morale in the United States and in Europe. *Journal of Economic Psychology* , 27, 224–246. **4.** Alm, J., McClelland, G. H., & Schulze, W. D. (1999). Changing the social norm of tax compliance by voting. *KYKLOS* , 48, 141-171. **5.** Alm, J., McClelland, G. H., & Schulze, W. D. (1992). Why do people pay taxes? *Journal of Public Economics* , 48, 21-48. **6.** Andreoni, J., Erard, B., & Feinstein, J. (1998). Tax Compliance. *Journal of Economic Literature* , 36, 818-860. **7.** Athens. (1997, April). Europe, 365. **8.** Baldry, J. C. (1987). Income tax evasion and the tax schedule: Some experimental results. *Public Finance* , 42, 357-383. **9.** Frey, B. S., & Feld, L. P. (2002, August). Deterrence and morale in taxation: An empirical analysis. CESifo Working Paper No. 760 . **10.** Graetz, M. J., & Wilde, L. L. (1985). The economics of tax compliance: Facts and fantasy. *National Tax Journal* , 38, 355-363. **11.** Husted, B. W. (1999). Wealth, Culture, and Corruption. *Journal of International Business Studies* , 30 (2), 339-359. **12.** IRS. (2005). Individual income tax gap estimates for 2001. Washington D.C.: U.S. Department of Treasury. **13.** Jain, A. K. (2000). Corruption: A Review. *Journal of Economic Surveys*, 15 (1), 71-121. **14.** Kaufmann, D., Kraay, A., & Zoido-Lobaton, P. (1999a). Aggregating Governance Indicators. World Bank Policy Research Working Paper 2195. **15.** Kaufmann, D., Kraay, A., & Zoido-Lobaton, P. (1999b). Governance Matters. World Bank Policy Research Working Paper 2196. **16.** Kroeber, A. L., & Kluckhohn, C. (1952). *Culture: A Critical Review of Concepts and Definitions*. Cambridge, MA: Peabody Museum. **17.** Merritt, A. C. (2000). Culture in the cockpit: Do Hofstede's dimensions replicate? *Journal of Cross-Cultural Psychology* , 21, 283–301. **18.** Porcano, T. M. (1988). Correlates of Tax Evasion. *Journal of Economic Psychology* , 9, 47-67. **19.** Riahi-Belkaoui, A. (2004). Relationship Between Tax Compliance Internationally and Selected Determinants of Tax Morale. *Journal of International Accounting, Auditing, and Taxation* , 13, 135-143. **20.** Richardson, G. (2006). Determinants of tax evasion: A cross-country investigation. *Journal of*

⁸ See Richardson (2008)

International Accounting, Auditing, and Taxation , 15, 150-169. **21.** *Richardson, G.* (2008). The relationship between culture and tax evasion across countries: Additional evidence and extensions. *Journal of International Accounting, Auditing, and Taxation* , 17, 67-78. **22.** Rome. (1997, April). Europe, 365. **23.** *Rose, R.* (2000). Getting things done in an anti-modern society: Social capital networks in Russia. In P. Dasgupta, & I. Serageldin (Eds.), *Social Capital: A Multifaceted Perspective* (pp. 147-172). Washington: The World Bank.

Sandmo, A. (2005). The theory of tax evasion: A retrospective view. *National Tax Journal* , 63, 643-663. **24.** *Torgler, B.* (2002). Speaking to theorists and searching for facts: Tax morale and tax compliance in experiments. *Journal of Economic Surveys* , 16, 657-684. **25.** *Trompenaars, F.* (1993). *Riding the Waves of Culture*. London: Nicholas Brealey. **26.** *Tsakumis, G. T., Curatola, A. P., & Porcano, T. M.* (2007). The relation between national cultural dimensions and tax evasion. *Journal of International Accounting, Auditing, and Taxation* , 16, 131-147. **27.** *Wenzel, M., & Taylor, N.* (2004). An experimental evaluation of tax-reporting schedules: A case of evidence-based tax administration. *Journal of Public Economics* , 88, 2785-2799.

Поступила в редакцію 1.04.2012р