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The role of individual social responsibility and corporate social responsibility in the tax fraud war: A comparison between the priorities of Italian and Romanian consumers

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Abstract

Corporate social responsibility (CSR) and fiscal responsibility have become a hot topic of debate in recent years. Many studies have investigated CSR and tax avoidance; however, such studies have overlooked countries' tax cultures and fiscal responsibility from a historical perspective and have not addressed how these elements affect current tax avoidance practices. Using a questionnaire, that was administered to a sample of Italian and Romanian respondents, and inferential techniques (Mann–Whitney-test and correlation-test) the paper tries to understand the aspects that be useful in the future development and implementation of more robust fiscal ISR and CSR processes. Our results reveal similarities and differences between the relevance of certain aspects between countries, identifying tax culture as a distinctive element from a geographical point of view. Despite the considerable differences, we found a strong demand for greater transparency of the company with administrations and communities and desire for the development of initiatives to spread a responsible tax culture.

KEYWORDS
corporate social responsibility, individual social responsibility, tax compliance, tax culture, tax priorities

1 | INTRODUCTION

A critical and important element in the operation of modern states is taxation, which many consider to be "an essential element in the social contract between government and citizens" (Boden et al., 2010, p.541). When tax bills are expected to be in the million/billions, companies and individuals seek innovative ways to reduce this burden (World Finance, 2018). There are different methods of fraud or fiscal avoidance, some of which must be considered, not only from an economic perspective, but also through the lens of morality, as they have a direct impact on society as a whole. The loss of tax revenues directly impacts governments' abilities to invest in social welfare programs and negatively affects the three pillars of sustainability (economy, society, and environment), widening the poverty and inequality gap. Thus, tax avoidance and evasion are social and political problems (Joumard et al., 2012; McIntyre et al., 2011).

Recent scandals and debates relating to large organizations not paying, actively evading, or avoiding paying a fair amount of tax has become a high-profile issue with the public and a hot political topic. The estimated cost of tax evasion in 2018 in the European Union alone was estimated to be over €825 billion (Murphy, 2019; Plachta, 2019). When incorporating tax avoidance into that figure, the

amount increases to around €950 billion (EU, 2019). The Panama and Pandora papers further reveal the extent to which some companies and individuals are exploiting the global offshore economy to hide their wealth to minimize tax bills (via legal means; Perryer, 2018) and others who are using the secrecy of the tax havens in more illegal ways to evade tax obligations (Guardian, 2021). In 2020, an investigation by FinCen revealed questionable global financial transactions in excess of $200,000 with an estimated value of over $2 trillion (Transparency International UK, 2020). The UK-based Tax Justice Network estimated in 2021 that, globally, $427 billion is lost each year as a result of tax avoidance and evasion tactics by companies and wealthy individuals (Martin, 2021, p.1).

Steinmo (2018) notes considerable differences in some countries' abilities to collect taxes, with some collecting as little as 30% due to tax evasion tactics. Transparency International (2021) report that despite multiple government pledges to reduce corruption, no significant progress has been achieved over the last decade, resulting in calls for greater accountability and transparency and increased corporate social responsibility (CSR) to be imposed.

Moreover, tax avoidance (Hardeck & Hertl, 2014) is considered to be a form of corporate hypocrisy (Antonetti et al., 2020) that results in a discrepancy between a company's CSR behavior and its stated CSR standards (Wagner et al., 2009). According to Antonetti et al. (2020), being a corporation composed of individuals who "embody, represent and communicate" their culture, the "greater need for authentic and sincere CSR has also resulted in a push for individual social responsibility (ISR)" (Benabou & Tirole, 2010) in which individual and organizational conceptions of social responsibility intersect. Hypocrisy, as a corporate prescriptive component (Batson et al., 2006) influences both corporate and individual behavior.

While CSR and fiscality have found fertile ground in the literature in the last decade (Davis et al., 2016; Hoi et al., 2013; Huseynov & Klamm, 2012; Lanis & Richardson, 2015; Lenssen et al., 2010; Lin et al., 2017; López-González et al., 2019; Perrini, 2005; Weber, 2008), an aspect that this body of work has tended to overlook is whether or not historical tax cultures and social senses of fiscal responsibility affect current tax avoidance practices. Therefore, this paper contributes to this gap by investigating the tax cultures of Italy and Romania in relation to their attitudes toward fiscal CSR, which can be useful to understand, as it may inform the future development and implementation of more robust fiscal CSR processes. Indeed, as Ortas and Gallego-Álvarez (2020) have already pointed out, differences in national cultures moderate the link between CSR performance and corporate tax aggressiveness. In particular, the authors highlight Whait et al.'s call (Whait et al., 2018) in relation to the need to identify "how personal values and beliefs, which are driven by the prevalence of different dimensions of national culture, reinforce or mitigate the influence of" CSR on tax aggressiveness.

These countries were chosen due to a report by the European Commission (2020), which shows that Italy is the leading country in Western Europe (24.5%) and Romania the leading country in Eastern Europe (33.8%) in terms of tax evasion (figure mainly related to VAT). Moreover, these are two countries with profoundly different cultures,

including their tax cultures. Furthermore, there are also substantial differences in terms of "country-specific recommendations and their implementation (excluding assessment of the compliance with the SGP)" (European Parliament, 2021). The Commission's assessments of CSR implementation in Italy (prevalence of "Partial Progress" and "Some Progress") and Romania (prevalence of "Limited Progress") also differ.

This paper begins by outlining the relationship between ISR, CSR, tax avoidance, aggressiveness, and evasion. Following this is an outline of the tax cultures in Italy and Romania that highlights both the differences and similarities. We then move on to explain our data collection and analysis method using a Mann–Whitney *U*-test and a correlation test. Subsequently, the results of the study are presented. The final section considers future developments before acknowledging this study's limitations and offering our final conclusions.

2 | BENEFITS AND IMPORTANCE OF ISR, CSR, AND FISCAL RESPONSIBILITY

Business ethics, leadership, and values are important parts of culture, in particular of managerial/entrepreneurial (individual) culture (Gazzola & Colombo, 2016). Consequently, the basis of CSR is the behavior of entrepreneurs. They must perceive the need for ethical and responsible behavior and, therefore, adopt socially responsible behavior within the companies in which they operate. CSR is linked to the individual (in this case entrepreneurial/managerial) culture (Hayton & Cacciotti, 2013), and the basis of this culture is individual social responsibility (Coda, 2010). Individual social responsibility drives corporate social responsibility (Gazzola & Colombo, 2015), "as a corporation is comprised of individuals and hence ISR determines the culture of social responsibility, it creates" (Gazzola & Colombo, 2016). In any organization, the values of the individuals who comprise it are an essential part of the overall culture, which influences many managerial decisions (such as competitive strategies) and important relationships (such as relations with different stakeholder groups; Hunt et al., 1989; Valentine & Barnett, 2003). The ethical values of a company derive from the predisposition of its individuals (internal and external stakeholders) and, as such, influence corporate decisions (such as CSR or tax matters), leading to desirable actions for the organization (Shane & Venkataraman, 2000). In companies, individual values are an essential operating force of the CSR philosophy. ISR (and, thus, the opinion of individuals) is closely linked to the CSR of the company as a whole.

Today, CSR is a model capable of improving community life, even if it does not offer a complete transformation. A real challenge is identifying new areas in which to encourage responsibility and to make responsibility a fundamental element in how companies operate. Fiscal responsibility could be the first step down this road. Fiscal responsibility must be part of CSR. Meanwhile, CSR could be considered as a form of "soft law" tool that can be used to promote the objectives of tax compliance (Bird & Davis-Nozemack, 2018). The Global Reporting Initiative standards include an initiative for reporting about tax issues: the CSR Europe Blueprint initiative considers companies' tax

transparency and responsibility (Pasquero, 2017). Too often, governments or society have thought that the best way to fight fiscal evasion and avoidance was by imposing punitive measures (e.g., sanctions and/or reclusion). These measures are appropriate, but they are not enough to tackle the behavior; it is equally important to create, share, and incentivize positive models related to fiscality, showing the benefits related to paying taxes and creating a positive context for all.

Repeated media coverage highlighting and criticizing organizations such as Google, Apple, and Amazon for paying little to no tax in the countries in which they operate has resulted in the increasing prominence of corporate social responsibility and fiscality expectations in recent years (Beer et al., 2020; Chapman, 2021; Kovermann & Velte, 2021; Wilde & Wilson, 2018). However, CSR is currently a voluntary practice; all companies are free to adopt or not adopt CSR behaviors as they see fit, leading to disparities in the quality of CSR. Companies who engage in CSR tend to include this in their corporate strategy (Colombo & Gazzola, 2014; Muller, 2006), while those who decide to pay particular attention to the topic opt for a company statute containing a specific section entirely dedicated to the objectives of CSR (these are generally known as Benefit Corporations or B Corps; Gazzola et al., 2019). CSR is currently one of the most relevant strategic behaviors a company can implement to gain competitive advantage in an increasingly aggressive economic environment. Indeed, a prompt, careful, and convincing CSR policy has been shown to pay dividends in terms of brand image, attracting customers who share the same ideals, which can also help companies with sales and, consequently, survival (Carroll et al., 2016). Alongside the main and essential objective of all companies (profit), CSR requires companies to pay particular attention to different stakeholders (shareholders, customers, employees, etc.) and their different interests, adopting concrete actions aimed to satisfy them and create social wellness (Gazzola, 2012). Therefore, a well-developed and refined CSR policy can enable a company to demonstrate that they are "being responsible" by indicating they are:

- conducting the company's core activities with a more environmentally friendly focus,
- paying particular attention to the wellbeing of employees by investing in providing a safe, positive, and effective working environment,
- launching projects and initiatives aimed at improving the local area and community in which the company operates, and
- attending to the interests of a multiplicity of stakeholders (customers, investors, etc.).

However, to produce relevant results, CSR must be widespread in all companies and undertaken with genuine commitment. In particular, it must touch various aspects of social life in order to improve society.

Every day, companies must make decisions about how they operate and whether to undertake avoidant or fiscally responsible practices:

- A company might engage in tax fraud and avoidance practices aimed at achieving financial savings regardless of the damage to society. Fraud and avoidance practices differ in relation to the behavior "on top". While fiscal fraud concerns illegal practices—for example, failing to declare revenue or property—fiscal avoidance consists of behaviors which are technically legal but forbidden in specific circumstances where the outcome of the activity would be fiscal fraud.
- A company might decide to engage in fiscal responsibility (FR). A fiscally responsible practice consists in avoiding actions and behaviors that might benefit the company at the expense of wider society. Companies who make such choices value social interests over or alongside personal gain, favoring balanced and stable social growth (Zicari & Renouard, 2018).

However, in increasingly competitive and challenging markets, it is difficult to persuade companies to engage more fully in CSR and fiscal responsibility. A company is "tax responsible" when it pays its fair share of tax and operates without seeking stratagems or tricks to elude the tax system and without using its influence on governments to prevail over collective interests (Hoi et al., 2013). Using the notion of CSR and fiscal responsibility, companies could become key agents in guiding and developing a "fiscal culture" in a positive way by viewing taxes and fiscality as instruments to improve financial social wellness, instead of treating them as negative practices focused on the fiscal withdrawal. This could be a first positive step toward tackling the issues of fraud and avoidance. The EU is implementing various legislative initiatives aimed at ensuring companies make tax contributions as and when they should (Pasquero, 2017). One such initiative is country-by-country reporting (CBCR) for companies, which already exists in several countries (Evers et al., 2016).

3 | TAX AVOIDANCE, AGGRESSIVENESS, AND EVASION

CSR not only concerns the company as a whole, but also the individual areas in which it is involved (Whait et al., 2018); tax avoidance and tax aggressiveness (Lin, 2021) are two of these (Amidu et al., 2016). Tax avoidance and tax aggressiveness are closely related (Amidu et al., 2016; Bird & Davis-Nozemack, 2018), but they are not the same as tax evasion. Tax evasion is a violation of the law, while avoidance utilizes legal practices in pursuit of an illegal aim (Hanlon & Heitzman, 2010). There are many examples of company tax avoidance, including earnings management, costs and revenues manipulations, and creation of offices in tax havens (Taylor et al., 2015), the result of which is an inadequate contribution to the public good of the society in which the company operates. Tax avoidance could be defined as "the legal utilization of the tax regime to one's own advantage in order to reduce the amount of tax that is payable, by means that are within the law, or at least within the letter of the law" (Knuutinen, 2014, p.59) but not within the spirit of the law. It is for this reason that avoidance is debated in the CSR literature. Finally, tax aggressiveness represents corporate conduct aimed at minimizing corporate taxation (Lanis & Richardson, 2012; Ortas & Gallego-Álvarez, 2020). Until the 2000s, the literature on the link between CSR and taxation was limited, so much

so that in 2004, Christensen and Murphy (2004), and later Huseynov and Klamm (2012), were amazed to find that CSR studies has involved all business areas except tax management.

More recently, Whait et al. (2018) tried to identify the issues present in the relationship between CSR and tax aggressiveness, with the aim of systematizing academic research and highlighting the existing gaps, by conducting an integrative literature review that started with Hardeck and Kirn's study (Hardeck & Kirn, 2016). The authors detail the numerous articles that use quantitative methodologies and focus on limited geographical areas to study the link between CSR and tax aggressiveness, (Avi-Yonah, 2014; Laguir et al., 2015; Lanis et al., 2017; Zeng, 2016). They conclude that the results are mixed and contrasting for various reasons. In particular, "they leave out the country-specific factors that might play a significant role in that relationship (e.g., national culture of countries […])" (Whait et al., 2018, p.6). In addition, the historical perspective analysis is missing in the literature. The current culture (Gazzola et al., 2022) derives from the past (Carnegie & Napier, 1996) and, consequently, affects the current relationship between CSR and tax avoidance. Furthermore, "although most of the empirical research is based on quantitative studies, there is a need to use alternative research methods (e.g., surveys, interviews, case studies, etc.) to capture the idiosyncratic human commitment to aggressive tax practices and their interaction with CSR" (Whait et al., 2018, p.8). Hardeck and Kirn (2016) agree.

While CSR has often been seen as a problem with respect to tax avoidance, it can also be viewed as a solution to the same problem (Moon & Vallentin, 2020). It is important that those who engage in forms of tax fraud or tax avoidance are subject to social denial, an element that represents one of the pillars of sustainability. In particular, Moon and Vallentin (2020) maintain that critique must come not only from social activists but also from politicians and commentators.

The lack of contributions in this sense highlights significant problems in the interpretation of the relationship between CSR and tax avoidance. Therefore, CSR is devalued or only partially addressed, given the role of tax management in a company's larger economic plan. Moon and Vallentin (2020) highlight the reasons for this lack. In particular, they claim that:

1. linking taxes to the CSR debate represents political, ideological, and cultural problems.
2. the payment of taxes is considered mandatory (as part of corporate financial performance rather than of corporate social performance), unlike the voluntary nature of CSR, causing it to be viewed as part of the economic pillar (without social repercussions).
3. there is a clear divide and lack of dialog between tax experts and CSR experts.
4. tax avoidance has a dimension that goes beyond company boundaries; in fact, it is a global and pervasive problem of sustainability (Bird & Davis-Nozemack, 2018).

An ongoing debate in the literature seeks to analyze the relationship between CSR and tax avoidance, considering country-level governance as a variable (Gulzar et al., 2018; Otusanya, 2011; Watson, 2015). Initial studies focused on a specific nation, while later studies have tried to fill the gap by carrying out studies in an international context characterized by considerable differences from both legal and institutional points of view (Zeng, 2019). These studies show that the relationship between CSR and tax avoidance varies according to the weakness of country-level governance. In this sense, CSR is seen as "a reflection of social morals, norms and values" (Zeng, 2016, p.247). However, this relationship is also influenced by the country's accounting culture, as demonstrated in other fields (Changwony & Paterson, 2019; Karaibrahimoglu & Cangarli, 2016).

In relation to the link between a country's culture and tax practices (avoidance or evasion), Tsakumis et al. (2007) conducted a study based on Hofstede's (1980) cultural framework on tax compliance levels across 50 countries and found that national culture is useful to explain tax evasion levels across and between countries. Later, Richardson (2008) further developed this analysis by considering data from 47 countries that demonstrated the presence of a correlation between the country's culture and tax evasion. More recently, Hutchinson (2019) used Hofstede (2001) and World Bank 2005–2010 data to show how cultural indices may be unnecessary if there are other available socio-economic indicators. Hofstede (2001) developed a model of national culture based on six dimensions: Power/Distance, Uncertainty/Avoidance, Individualism/Collectivism, Masculinity/Femininity, Long/Short Term Orientation, and Indulgence/Restraint. In addition to the culture of a country, the corporate culture of a company affects its tax avoidance practices. Corporate culture can be defined as "a set of shared beliefs within the firm about the 'right' corporate behavior, or the 'optimal' course of action, or a set of conventions of doing business" (Hoi et al., 2013, p. 2028). Indeed, as Hoi et al. (2013) demonstrate, companies that engage in irresponsible activities are more likely to avoid taxes (Gandullia & Piserà, 2020). In light of this, the culture of the country could be compared to a soft law mechanism that consists of practices or behaviors that possess the characteristics of the laws but that do not have the power to impose binding obligations and related sanctions in case of violation (Park & Berger-Walliser, 2015). Consequently, it is important to investigate whether or not a country's culture affects the implementation of tax avoidance practices, considering all the subjects involved and not just the companies as in the studies present in the literature.

4 | TAX CULTURE IN ITALY AND ROMANIA: A FRAMEWORK

Steinmo (2018) questions why some people are more likely to pay taxes than others. In particular, some governments are able to collect more than 90% of the taxes due, while tax evasion results in collection levels as low as 30% for others. These differences could be due to several reasons: efficiency of the state tax administration, the relationship between the central state and the citizens, and cultural differences resulting from history. Hofstede (1980) defines culture as the combined programming of the mind which characterizes the members of one human group from another. Political and fiscal institutions play a key role in influencing people's behavior (institutionalist theory) and

determining their culture. Therefore, it appropriate to study how the way a state governs people relates to its people's tax practices and beliefs (Steinmo et al., 1992). According to Ortas and Gallego-Álvarez (2020), national cultures influence the behavior of individual members of the community (Hofstede, 1980, 2001) and, consequently, of the stakeholders of companies operating within that community. On the basis of this assumption, companies, as entities composed of people (management, workforce) and as organizations subject to the pressures of people (stakeholders), are inevitably influenced by national culture and are therefore forced to adopt initiatives such as CSR. The same authors go so far as to state that the results provide evidence that differences in countries' cultural values and beliefs exert a significant influence on companies' likelihood to engage in aggressive tax practices. More interestingly, several national culture dimensions significantly moderate the relationship between CSR performance and firms' aggressive tax practices.

Hofstede (1980) identified the following four cultural value dimensions (Kirkman et al., 2006):

1. IND-COL (a social framework in which individuals only take care of themselves and their immediate family members, and ingroup members take care of them in return)
2. PD (power distance)
3. UA (uncertainty avoidance)
4. MAS-FEM (masculinity–femininity)

Later, Confucian dynamism (or long-term vs short-term orientation) was added to the list and several studies that consider the individual level of analysis, the organizational (company) level, and the country level have been based on Hofstede's thinking (Kirkman et al., 2006).

In relation to our analyses, the Italian and Romanian situations appear to be different from both a historical perspective and in terms of tax regulations (Kirkman et al., 2006). During the 20th century, most democratic countries adopted similar and comparable tax laws. Italy, Sweden, the UK, and the USA, for example, are all similar, while Romania takes a different approach. However, Italy and Romania are similar in terms of "compliance equilibria" (Bergman, 2009), which means that in both cases, the inefficiencies of the administrative and fiscal apparatus have led citizens to develop a distrust of the state.

The origin of Italian tax culture dates back to Italian unification and the subsequent formation of a liberal unitary state in the 19th century. As Hien (2018) states, the Catholic Church has often pushed citizens to evade taxes as a moral duty, thereby delegitimizing the state's tax authority. Furthermore, the situation within the country varies significantly. In fact, tax evasion varies from 80% in Southern Italy to 2% in Northern Italy (D'Attoma, 2018). The main explanation for this is the absence of government accountability in Southern Italy, which leads people to establish a hostile relationship with the state. In this subdivision, the Church, and in particular the Catholic political force, played a fundamental role as an opposition force to the Liberals and Socialists. D'Attoma (2018), therefore, points out that the construction of the modern state in Italy has been a problem from the

very beginning, due to the citizens' general distrust of the state. Moreover, the fiscal policy implemented by the state over the years has not helped in this regard.

In Romania, the tax situation is different. The tax burden is low, but tax evasion is very high (Todor, 2018). Here too, however, the citizen-state relationship is characterized by mistrust, due to widespread corruption and inefficiency of the state administration. From a historical and cultural point of view, unlike other nations (including Italy), Romanian citizens have never developed a strong sense of identity and belonging to the state, as the state was under the control of a foreign power (the Soviet bloc) for most of its existence (Volintiru, 2018). The communist dictatorship and Ceausescu's political influence distanced the citizen from the state. Moreover, as in Italy, cultural differences within the state (Transylvanians and Romanians) play a major role. For these reasons, Romania has not been able to create a sense of belonging and build an efficient tax system.

Thus, it is nonfinancial factors that have led to tax evasive or avoidant behaviors (Richardson, 2006), and it can be seen that a country's history and the behavior of a country's institutions have a considerable influence on citizens' behavior. Italy and Romania are both neo-Latin and European countries, but with different histories and, consequently, different tax cultures. In both cases, the determinants of evasion are mainly of a noneconomic and nonfinancial nature (Mârț, 2020). While the phenomenon of evasion and avoidance in Italy can be explained in terms of North–South (regional) and religious differences, in Romania the main cause is the state's communist and postcommunist history.

The differences outlined above are key elements in the fight against tax fraud; therefore, these two countries deserve attention in a comparative analysis. As already stated, a country's culture is deeply influenced by its history and, consequently, by the culture that has been handed down and consolidated over the years. Not only does the fiscal approach vary from country to country, but also interpretations of CSR are the result of past events. The different visions and approaches have a significant influence on what is achievable and what is obtained in terms of results. That is why a cultural framework cannot be ignored when interpreting the results of a survey.

Based on Hofstede's framework, therefore, it is important to understand cultural differences at the country level, as well as to test how people in different countries differ significantly on cultural values and, thus, use the country as a moderator (Kirkman et al., 2006). From this, we can extend such considerations according to the groups to which these individuals belong (group/organization level, Kirkman et al., 2006)—that is, the companies in which the managers have decision-making power and, thus, influence the companies' practices.

Considering the theoretical framework, provided in the previous paragraph, it is possible to write the following research questions:

RQ1. Are there any differences in the relevance of the following four elements (ELUSIVE ELEMENTS, VAT, FORFEITURE, TAX RESPONSIBILITY) between the respondents of the two countries?

RQ2. Are there any differences in the relevance of the following four elements (ELUSIVE ELEMENTS, VAT, FORFEITURE, TAX RESPONSIBILITY) between the respondents of the two countries considering the educational qualification and the geographical dimension?

RQ3. Considering the different aspects (Policies and initiatives–Tax evasion and avoidance–Evasive/elusive behaviors) are the priorities assigned to the proposed alternatives the same between the two analyzed countries?

5 | DATA AND METHODOLOGY

To analyze this phenomenon, a questionnaire was administered to gauge citizens' knowledge and opinions regarding tax fraud and the support that CSR could offer in these situations. The results of the questionnaire were used to carry out a comparative analysis between two countries with different tax cultures.

The questionnaire was administered via e-mail, social networks, and word of mouth for the period from December 2019 to June 2021. In the first phase (December 2019 to January 2021), the questionnaire was administered in Italy. The questionnaire for Romania was then administered from January 2021 to June 2021.

The questionnaire contained the following three distinct sections:

1. personal data,
2. assessment of knowledge regarding tax evasion and tax avoidance,
3. personal evaluation of different aspects (reasons that induce the taxpayer to evade, relevance of elusive or evasive behaviors, informativeness, CSR models).

5.1 | Questionnaire

The questions in the first section of the questionnaire related to personal information, such as gender, age, level of education, job/role, and residency information. These questions are useful for categorizing the general and personal elements that can be compared across respondents. Such categorization allows us to evaluate a potential correlation between specific general characteristics and data deriving from the other macroareas of the survey.

The second section of the questionnaire contained questions relating to the respondent's personal assessment of their knowledge of tax evasion and avoidance. The objective of this section is to allow us to evaluate the respondents' effective knowledge of tax evasion and avoidance and to evaluate any correlations between these factors and the assessments made in the other sections of the questionnaire.

The third section of the questionnaire concerns a personal evaluation of the interviewees. In particular, respondents were asked to:

1. indicate what are the main reasons (in their opinion) that induce taxpayers to evade or circumvent tax obligations,

2. evaluate the relevance (in their opinion) of the various evasive / elusive behaviors engaged in by some figures identified by the Ministry of Economy and Finance (MEF),

3. indicate if they believe that these topics are sufficiently discussed in terms of both the quantity of information available and of the quality of the information,

4. express an opinion on the effectiveness of Corporate Social Responsibility models oriented toward tax matters. In particular, the respondents were asked to evaluate some initiatives that could be developed by companies in this area,

5. indicate if they believe that company intervention can actually be an effective guide in terms of the development of responsible actions in the tax field.

The objectives of this questionnaire were twofold: first, to study the phenomena of tax evasion and avoidance, which constitute a widespread and complicated problem. Second, to identify and propose possible opportunities to tackle these phenomena, starting with a key subject – the company.

As a result, the company is both an involved subject in this analysis and, simultaneously, important for the economic system. This raises the following question: Can a company establish itself as a guiding model to foster a personal and widespread "culture" of responsibility in tax matters?

5.2 | Method of analysis

The data were analyzed using the methodology of descriptive statistics in order to ascertain an initial picture of the respondents. Descriptive statistics is a set of techniques used to describe the basic characteristics of the data collected in an experiment or study. This method provides a simple summary of the sample and the measurements collected. Together with the simple graphical analysis, it is the starting point of any quantitative data analysis (Zenga, 2014). To further analyze some aspects, Spearman's Rank Correlation Test was used to determine if the priorities of the two groups (Italian and Romanian respondents) are similar or not. A rank correlation is a statistic that measures an ordinal association, such as the relationship between positions of different ordinal variables or different rankings of the same variable. In these cases, a "ranking" is the assignment of the ordering labels to different observations of a particular variable. A rank correlation coefficient can compare two rankings and can be used to measure the significance of the relation between them. Finally, some elements were compared using the Mann–Whitney test. This test can be used to compare two series of ordinal or cardinal data to determine if there are differences in the location (rather than the shape) of their distribution. Moreover, it is a non-parametric test very often used to check if two samples come from the same population, and it is equivalent to the nonparametric *t*-test for independent samples (MacFarland & Yates, 2016). This test does not require any assumptions about the symmetry of the two samples. It can be applied when they have different dimensions and always serves to

TABLE 1 The sample.

Nation Gender	Italy		Romania	
	Number	Age (mean)	Number	Age (mean)
Male	444	25.4	71	26.4
Female	586	26.38	218	27.3

verify the significance of the difference between the medians (Ruxton, 2006). This instrument is used to test the general difference among respondents' level of knowledge on tax issues and the same variables subdivided per degree of study and city dimension.

6 | RESULTS: DESCRIPTIVE STATISTICS AND HYPOTHESIS TESTING

In the following section, we will proceed to describe the two samples, separately and in detail, in order to provide a brief and descriptive comparison (Table 1).

The sample is made up of 1319 respondents divided into 1030 from the Italian questionnaire and 289 from the Romanian questionnaire. In both cases, there is a greater number of female respondents; with women representing 61% of the overall total. Specifically, 56% of Italian and 75% of Romanian respondents are female. Therefore, we can affirm that the sample is predominantly female with fairly similar percentages across both populations.

From a sociodemographic point of view, it is possible to affirm that the Italian sample is quite representative regarding the relationship between genders and level of instruction. The percentage of respondents with almost a bachelor's degree is nearly 25% for both males and females, while the percentage of the Italian population with the same, according to the last available data (ISTAT 2022), is 18% for males and 23% for females. Contrastingly, more than the 70% of the Romanian respondents have almost a bachelor's degree.

The questionnaire also gathered details of the respondents' current working situations (Table 2). Asking about their primary job or role or employment status enabled a precise categorization of the sample. Owing to the method of dissemination of the research instrument, the respondent population is mostly composed of students, albeit with differing percentages between the two countries analyzed. There is a higher prevalence of student respondents from Italy than from Romania. The second largest category of respondents is workers, with the unemployed emerging as the smallest sample population for both countries.

Respondents can also be categorized by education level, and it is noted that this varies between the two country samples (Table 3). In Italy, there is substantial parity of educational qualifications between genders, and only the master's degree shows a notable difference in percentages between male and female respondents. In contrast, in Romania, there is a clear gender distinction, as a master's degree was most common for male respondents, while high school level education was most common for female respondents. When consolidated into a single data set for each country, the most frequent qualification level of the Italian respondents is high school, while bachelor's degree is the most frequent qualification level for the Romanian respondents.

The results of the second section of the survey, which concerned the respondents' personal assessment of their knowledge of tax evasion and tax avoidance, was analyzed using an independent 2-group Mann–Whitney *U*-test. The test aimed to reveal if the respondents from each sample country have different perceptions (considering the median) of the surveyed topics (Table 4). The questions were structured through scaled scores (from 1 to 5, where 5 signified the most relevant response and 1 the least relevant).

For three out of four topics assessed, a statistically significant difference was identified between the answers of the Romanian and Italian respondents. Differing levels of knowledge and understanding were self-assessed by the Romanian and Italian respondents on the subjects of avoidance, sanctions, and tax responsibility. By contrast, the respondents of both countries self-assessed similar levels of knowledge on the subject of VAT. Evaluating the average scores across the four variables, we see a higher overall value for the Romanian sample, which means that, from a self-assessment perspective, the Italian respondents report themselves to be less knowledgeable than their Romanian counterparts.

After comprehensively investigating these four aspects, we focused our attention on subsample analysis. Based on our literature review of this work and other available information, we evaluated the statistical difference of the variables according to the residence city dimension (small dimension/large dimension) and the educational background (at least degree/no degree). Table 5 presents the results.

Table 5 shows that the results of the subsample are consistent with the general values expressed in Table 4. Considering the distinction by residence city dimension and by educational background, two variables (forfeiture and tax responsibility) are always statistically significant for the provided tests. Furthermore, VAT is always nonsignificant, which implies that the perceptions and the relevance attributed to this aspect are always the same, even considering subsamples.

The elusive elements variable is more interesting, because it is significant in some comparisons (IT SMALL RM BIG, IT BIG RM BIG, IT UNDER RM UNDER, IT UNDER RM HIGH[1]) but not all.

The results suggest that the perception is statistically different between Romanian respondents who live in large cities and between Italian nongraduated respondents and all Romanian respondents (both graduates and nongraduates).

To conclude this analysis, an index of cultural difference, concerning the aforementioned variables, was created in order to communicate the differences between the respondents of the countries visually and in a more immediate way.

In Table 6 it is possible to note these values, constructed using the significance of the tests (maximum value 12*[2]).

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[1]Levels: IT, Italy; RM, Romania; BIG, big city; SMALL, small town; UNDER, no degree; HIGH, at least degree.

[2]For the construction of this index, the number of * proposed by the R software (used for the calculations) was considered. The maximum number for each test is 3.

TABLE 2 Employment situation of respondents.

Nation	Italy				Romania			
Job	Male	Female	Male (%)	Female (%)	Male	Female	Male (%)	Female (%)
Employee	76	100	17.12	17.06	16	70	21.92	32.26
Student	337	461	75.90	78.67	49	134	67.12	61.75
Professional	14	9	3.15	1.54	4	11	5.48	5.07
Entrepeneur	15	3	3.38	0.51	4	2	5.48	0.92
Unoccupied	2	13	0.45	2.22	0	0	0.00	0.00
Total	444	586	100.00	100.00	73	217	100.00	100.00

TABLE 3 Education level of respondents.

Nation	Italy				Romania			
Highest education level attained	Male	Female	Male (%)	Female (%)	Male	Female	Male (%)	Female (%)
PhD	11	7	2.48	1.19	21	8	9.68	11.43
Master's Degree	24	50	5.42	8.50	58	12	26.73	17.14
Bachelor's Degree	78	94	17.61	15.99	99	32	45.62	45.71
High School	324	430	73.14	73.13	35	18	16.13	25.71
Below High School	6	7	1.35	1.19	4	0	1.84	0.00
Total	443	588	100.00	100.00	217	70	100.00	100.00

TABLE 4 Mann–Whitney test: general.

Variable	Test Mann–Whitney	p-value	Significance
ELUSIVE ELEMENTS	W = 136,596	0.02	**
VAT	W = 143,476	0.27	
FORFEITURE	W = 104,493	<0.001	***
TAX RESPONSIBILITY	W = 117,646	<0.001	***

Finally, it can be noted that there are some issues that are considered equal even at the level of subsample comparison, while others elements are perceived and considered differently by the respondents.

7 | PRIORITY

After investigating the phenomena from a broad perspective, a series of more detailed questions were posed concerning some specific themes, as outlined below.

In these sections, a series of aspects have been grouped into three macro categories (Future Policy, Information availability and social responsibility models, and Elusive Behaviors) to verify if there is a correlation between the answers and, therefore, between the priorities of the respondents from the two countries.

It is very important to clarify, briefly, the concept of priority. In our discussion below, we have ordered the three themes from the most important to the least important, according to the degree of relevance of the proposed elements/sentences.

In this way it is possible to use the Rank Correlation Test to verify and compare the two groups of respondents.

7.1 | Future policy

The first set of questions in the third section of the questionnaire concerned some policies and initiatives that could lead to an increase in the payment of taxes (Table 7). The responses to these questions may highlight possible policies that could improve the tax situation in Italy and Romania by focusing on the relationship between society and companies. Here, the theme of Corporate Social Responsibility, in which context the company has a responsibility to adopt behaviors that favor the wellbeing of the entire economic environment and society in which it operates, is increasingly widespread. The questionnaire proposed five measures or objectives aimed at tackling tax evasion in the corporate field. Respondents were asked to evaluate these measures and rate them individually with a score from 1 to 5 in the same manner as described for the second section of the questionnaire. The results show similar values among both Italian and Romanian respondents.

The measures proposed by the questionnaire were then ranked in order of perceived preference or priority for each country according to the responses given, and the Rank Correlation Level, equal to 0.7, was calculated. This ranking revealed no particular differences in priorities between the respondents from each country.

The first two proposed policies are strictly connected to transparency (i.e., to have more transparency between companies, as well as with the financial administration and the local community), with a view toward developing internal activities that foster a positive

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TABLE 5 Mann–Whitney test: subsample.

Variable	Test Mann–Whitney value	p-value	Significance	Sample used/comparison
ELUSIVE ELEMENTS PER CITY DIMENSION	21,421	0.82		IT SMALL RM SMALL
VAT PER CITY DIMENSION	23,542	0.65		IT SMALL RM SMALL
FORFEITURE PER CITY DIMENSION	30,310	<0.001	***	IT SMALL RM SMALL
TAX RESPONSIBILITY PER CITY DIMENSION	28,562	<0.001	***	IT SMALL RM SMALL
ELUSIVE ELEMENTS PER CITY DIMENSION	47,289	<0.001	***	IT SMALL RM BIG
VAT PER CITY DIMENSION	52,227	0.40		IT SMALL RM BIG
FORFEITURE PER CITY DIMENSION	36,559	<0.001	***	IT SMALL RM BIG
TAX RESPONSIBILITY PER CITY DIMENSION	44,510	0.00	***	IT SMALL RM BIG
ELUSIVE ELEMENTS PER CITY DIMENSION	21,321	0.92		IT BIG RM SMALL
VAT PER CITY DIMENSION	22,336	0.52		IT BIG RM SMALL
FORFEITURE PER CITY DIMENSION	27,339	<0.001	***	IT BIG RM SMALL
TAX RESPONSIBILITY PER CITY DIMENSION	27,486	<0.001	***	IT BIG RM SMALL
ELUSIVE ELEMENTS PER CITY DIMENSION	55,934	0.03	**	IT BIG RM BIG
VAT PER CITY DIMENSION	48,461	0.29		IT BIG RM BIG
FORFEITURE PER CITY DIMENSION	64,880	<0.001	***	IT BIG RM BIG
TAX RESPONSIBILITY PER CITY DIMENSION	40,689	<0.001	***	IT BIG RM BIG
ELUSIVE ELEMENTS PER DEGREE OF STUDIES	25,954	0.08	*	IT UNDER RM UNDER
VAT PER DEGREE OF STUDIES	20,993	0.23		IT UNDER RM UNDER
FORFEITURE PER DEGREE OF STUDIES	29,831	<0.001	***	IT UNDER RM UNDER
TAX RESPONSIBILITY PER DEGREE OF STUDIES	17,358	<0.001	***	IT UNDER RM UNDER
ELUSIVE ELEMENTS PER DEGREE OF STUDIES	77,249	<0.001	***	IT UNDER RM HIGH
VAT PER DEGREE OF STUDIES	91,128	0.44		IT UNDER RM HIGH
FORFEITURE PER DEGREE OF STUDIES	61,495	<0.001	***	IT UNDER RM HIGH
TAX RESPONSIBILITY PER DEGREE OF STUDIES	68,839	<0.001	***	IT UNDER RM HIGH
ELUSIVE ELEMENTS PER DEGREE OF STUDIES	8152	0.67		IT HIGH RM UNDER
VAT PER DEGREE OF STUDIES	7304	0.34		IT HIGH RM UNDER
FORFEITURE PER DEGREE OF STUDIES	5583	<0.001	***	IT HIGH RM UNDER
TAX RESPONSIBILITY PER DEGREE OF STUDIES	6343	0.01	**	IT HIGH RM UNDER
ELUSIVE ELEMENTS PER DEGREE OF STUDIES	29,422	0.58		IT HIGH RM HIGH
VAT PER DEGREE OF STUDIES	30,823	0.70		IT HIGH RM HIGH
FORFEITURE PER DEGREE OF STUDIES	39,325	<0.001	***	IT HIGH RM HIGH
TAX RESPONSIBILITY PER DEGREE OF STUDIES	25,105	<0.001	***	IT HIGH RM HIGH

taxation culture by using initiatives such as seminars or conferences that include both companies and citizens.

7.2 | Information availability and social responsibility models

Further questions on the subject of the phenomena of tax evasion and avoidance were put to the survey participants (Table 8). According to official estimates, the cost of tax evasion in the European Union alone in 2018 was estimated to be over €825 billion (Murphy, 2019; Plachta, 2019). When incorporating tax avoidance into that figure, the amount increases to around €950 billion (EU, 2019). For this reason, some questions concerning information quality and quantity around these themes were included in the questionnaire.

TABLE 6 Index.

Variable	Index
ELUSIVE ELEMENTS PER CITY DIMENSION	0.42
VAT PER CITY DIMENSION	0
FORFEITURE PER CITY DIMENSION	1
TAX RESPONSIBILITY PER CITY DIMENSION	1
ELUSIVE ELEMENTS PER DEGREE OF STUDIES	0.33
VAT PER DEGREE OF STUDIES	0
FORFEITURE PER DEGREE OF STUDIES	1
TAX RESPONSIBILITY PER DEGREE OF STUDIES	0.92

The Italian and Romanian respondents produced different scores for two out of the four elements assessed (culture of fraud and usefulness of government initiatives), while the Rank Correlation Level value

TABLE 7   Policies and initiatives that could lead an increase in the payment of taxes.

	Cooperation with PA in monitoring	Introduction of a good fiscal behaviors certification	Transparency	White-black list	Fiscal culture initiatives
ROU	3.56	3.6	3.9	3.66	3.82
ITA	3.58	3.62	3.91	3.56	3.7
Diff	−0.02	−0.02	−0.01	0.09	0.12
Priority ROU	5	4	1	3	2
Priority ITA	4	3	1	5	2

Note: Rank correlation level: value 0.7 – *p*-value: 0.19.

TABLE 8   Assessment of the phenomena of tax evasion and avoidance.

	Information availability	Culture of fraud	Usefulness of government initiatives	Importance of social responsibility models
ROU	2.76	3.48	3.54	3.94
ITA	2.8	2.67	3.02	4.14
Diff	−0.04	0.81	0.52	−0.2
Priority ROU	4	3	2	1
Priority ITA	3	4	2	1

Note: Rank correlation level: value 0.8 – *p*-value: 0.20.

TABLE 9   Evasive/elusive behaviors identified by the Italian MEF.

	Excessive tax rates	Willingness to fraud/avoid tax payment, without a real reason	Lack of financial resources to pay taxes	Refusal to finance an ineffective government	Tax morality/government tax usefulness	Herd behavior (follow what others do)
ROU	3.64	2.84	3.31	3.24	3.25	2.88
ITA	3.63	3.15	2.95	2.83	2.69	3.2
Diff	0.01	−0.32	0.36	0.41	0.56	−0.33
Priority ROU	1	6	2	4	3	5
Priority ITA	1	3	4	5	6	2

Note: Rank correlation level: value: 0.086 – *p*-value: 0.087.

was high. This means that, although the respondents returned different values on some elements, there was no significant difference in the overall priority of the four elements when assessed by the two respondent groups. Both groups classed "importance of social responsibility models" and "usefulness of government initiatives" as the highest priority elements.

7.3 | Elusive behaviors

In the final section of the questionnaire, the respondents were asked to evaluate the relevance or importance of various evasive/elusive behaviors engaged in by some figures, as identified by the Italian MEF (Table 9). This institution has identified six types of evasion/avoidance situations, which respondents were asked to score from 1 to 5 based on their perceived severity of a specific elusive/evasive behavior (where 5 signified the most severe form of evasion or avoidance and 1 the least severe).

The results in this instance differ between the respondent groups from the two countries. Indeed, there is a very low Rank Correlation Level, and the respondents' priorities are shown to be different in all ranks except first place. Both groups of respondents believe that most significant factor is excessive tax rates, but all of the other factors are ordered differently, and the average scores across the two countries are different. As in the following table, the priority is not in the same order, and it is possible to affirm that there is no unique direction. Finally, in this last case, the *p*-value is not statistically significant.

To conclude, it is possible to state that some differences emerge between the relevance expressed by the respondents, both considering the total sample and the sub samples (using the Mann–Whitney test). The VAT variable is the only one that is always not significant, otherwise, Forfeiture, Tax Responsibility and Elusive Elements were statistically significant.

Considering the priorities, despite having different values between the two samples, for the Rank Tests carried out there are no

significant *p* values at 5%. This means that the perception of the subjects, despite having different priorities, does not bring out any important differences.

8 | CONCLUSION

As maintained by Cabral et al. (2021), Dell'Anno and Davidescu (2019), and Albarea et al. (2020), measuring the amount of tax evasion and its impact on the economy is a complex process, and various techniques are necessary to triangulate the size and effects of the black economy. In this study, we have tried to identify different aspects related to the behavior of individuals in two European countries. The aim of the work was to determine both the general differences regarding a specific theme (e.g., evasion, avoidance, etc.), as well as the order of importance regarding future policies related to those issues, in order to raise awareness. Despite the differences in culture, there are no significant differences in terms of the adoption of possible policies to counter the tax phenomenon and the issue of tax evasion and avoidance. The results are not unique; in fact, through the data available to us, we found no overall difference between the two countries. However, considering the level of importance, we found that three of four specific issues (avoidance, sanctions, and tax responsibility) are perceived differently by Italian citizens than Romanians, while the issue related to VAT was perceived as equally unimportant by both groups. With regard to future policies, we found quite high levels of agreement in actions linked to transparency (e.g., to have more transparency between companies as well as the financial administration and the local community) and in the priorities linked to information availability and relevance of social responsibility models. The results, however, differ in the importance of the six levels of evasion identified by the Italian Ministry of Finance. In this case, the Italian and Romanian respondents did not identify the same level of priority/importance. Partial agreement between the reasons and the motivations linked to tax issues can be identified. However, it cannot be generalized that the respondents (in our case, representatives of two different countries) are completely aligned regarding the priorities of these future aspects or policies. What is clear, however, is that despite the considerable differences, there is a strong demand for greater transparency from companies and a strong recognition of the need for the development of initiatives to spread a more positive tax culture. Furthermore, the importance of social responsibility models to counter the negative tax phenomena emerged on both sides. This shows the relevance of CSR in the fiscal sphere. Therefore, it can be argued that a tax-oriented CSR can support the war against tax fraud.

9 | FUTURE DEVELOPMENTS AND LIMITS OF THE RESEARCH

The work deals with aspects in continuous evolution, the evasion / avoidance topic is always topical, and it is an aspect that can be found in every country of the world, with plausible different facets.

In our specific case, future developments could differentiate further at the local level to understand if, for example, there are different perceptions regarding the same issue in different regions of Italy. This aspect would be useful for carrying out some comparisons at the regional (or local) level in order to develop more effective policies. A comparison between different European countries would also be useful for understanding the phenomenon in different territories and different cultures. Re-administering the same questionnaire over a course of years could also identify changes in behavior over time.

This study was particularly limited by a very unbalanced sample, with nearly 4 times as many Italian respondents as Romanian respondents. Moreover, another limit worth nothing is the level of instruction of the respondents. On the Italian side, there is full representation of gender and level of instruction, while on the Romanian side, the number of the number of college graduates is really outstanding.

For these reasons, a better sampling operation would be an appropriate correction in the future. Our dissemination of the questionnaire had some diffusion problems due to the Covid-19 pandemic. However, despite these limitations, our results provide some useful insights into the importance of country culture in the development of more robust CSR and fiscality policies.

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