

# MANAGERS' ETHICS OF TAX EVASION: THE ROLES OF FAMILY, RELIGION, AND SOCIAL CONDITIONS

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**Abstract:** Tax income is one of the essential financial resources to maintain a nation's development, as tax revenue promotes the advancement of social welfare and community affairs. However, tax evasion has been a persistent governmental and societal concern. In order to expand insights on tax evasion of managers, the authors used Emile Durkheim's sociological theory of anomie to investigate the individual-level association between managers' perceived family and religion importance and their attitude toward tax evasion. Additionally, the theory was employed to examine how country-level aspects moderate that individual-level relationship. The hierarchical linear modeling (HLM) method was utilized to analyze data of 3,475 managers from 47 countries obtained from the World Values Survey (WVS). Results indicated that the managers' perceived family and religion importance were negatively related to their ethics of tax evasion. Moreover, the individual-level relationships were moderated by the country-level factors of poverty, good governance, political integration, and social integration. Most study findings supported Durkheim's original propositions, whereas complementary arguments were offered to explain the results contradicting them. Since there are no existing studies on the influence of managers' perceived family and religion importance on the ethics of tax evasion and how social perspectives moderate their impacts, the results of this study offer deeper insights into understanding the issue. Practical implications for organizations and society were discussed to reinforce managers' ethics of tax evasion. The study findings will help organizations and governments establish social programs that will decrease managers' likelihood to evade taxes, thereby contributing to the development of organizations and the nation.

**Keywords:** Tax evasion, family, religion, social conditions, Durkheim's sociological theory.

**JEL Classification:** D91, E02, H26.

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## Introduction

Ethical behaviors promote credibility among individuals, contributing to the well-being of a society. The increasing challenge among people to be openly responsible and be an exemplar of moral behavior repeatedly calls for policy proposals from both individuals and organizations.

Tax attitude is viewed as one of the ethical issues that has long been a paramount concern in our society. Tax morale is considered so closely fastened to behavior to serve as an authority for action (Halla, 2012). Several studies on tax ethics examined the relationship between taxpayers and the government as well as personal attributes (e.g., Alm & Torgler,

2006). The studies of Richardson (2008) and Tsakumis et al. (2007) examined the influence of cultural values on tax behavior.

However, past literature on tax evasion has shown two significant gaps. First, no study investigates the individual-level relationship between managers' perceptions of family importance and the ethics of tax evasion. Family is a basic institution that plays a vital role in shaping individuals' behavior, especially when dealing with ethical dilemmas. Second, no research examines the country-level moderating effects of the individual-level association between managers' perceived family and religion importance to the ethics of tax evasion. It is vital to investigate country-level factors due to their impacts on individual-level moral issues (McLeod et al., 2016). The interacting effects among variables should be discovered to grasp deep insights into moral issues (O'Fallon & Butterfeld, 2005).

To address the above gaps, Émile Durkheim's sociological theory of anomie, which has acknowledged individuals' endless desires and their collective attributes as natural co-existence that may be altered by societal factors, was employed to examine the individual-level relationship of the perceptions of managers toward the significance of the family and the religion on their ethics of tax evasion, and the moderating effects of country-level aspects such as poverty, governance, political integration, and social integration. This investigation will advance humans' insights into how tax evasion is influenced by individuals' perceptions of the importance of family and religion as well as the moderation of societal factors. This study will complement policy formulation and educational approaches to tax evasion.

## 1. Literature Review and Hypotheses Development

### 1.1 Background

Tax evasion happens when people intentionally fail to obey their tax rules (Franzoni, 1998). Regarding the roles of tax income, researchers (e.g., Bame-Aldred et al., 2013) argued that income taxation is crucial for the nation's investment in communal work and fiscal systems in all countries. Tax income from firms is essential to developing a nation and its performance in the market economy (Hutton, 2008). Therefore, tax evasion from enterprises

would make these companies free-riders in the economic scheme and unjustly relocate the tax burden to others, such as other firms or families (Christensen & Murphy, 2004). Given the vital role of income tax in the development of a nation, tax evasion will negatively influence social welfare and community benefits.

Prior research examined the influence of the supervision mechanism and the country's law enforcement on individual ethics of tax evasion. For example, Allingham and Sandmo's (1972) typical model grants the primary framework of individuals' attitudes toward tax evasion. Within this model, people's decision on tax evasion depends on the potentiality of the revealed detection and punishment. One of the approaches driven by this model is that people with higher income are more likely to evade tax (Tedds, 2006). This paper will expand the literature on tax evasion and offer additional insights by examining individual perceptions toward family and religion as well as the moderating impacts of social conditions.

### 1.2 Émile Durkheim's Sociological Theory of Anomie

In his important work in 1966 (originally published in 1897), *Suicide: A Study in Sociology*, Durkheim claimed that social and economic changes lead to individuals' deviant performance. Dissimilar to the traditional perspective that people's suicidal behavior is grounded on individuals' personal issues, Durkheim examined this misconduct as a societal view. He proposed that suicide is encouraged by the downturn of social norms resulting from social and economic changes.

Durkheim suggested that the economic system is very special to human's minds since modern economics breeds an enormous burden on individuals. The more a person has, the more he wants, as his satisfactions obtained only encourage instead of filling appetites (Durkheim, 1966). Since there is nothing inside a member that restrains these needs, he must certainly be constrained by external forces, or he would be limitless (Durkheim, 1928, 1978).

Durkheim perceived that individuals' biological characteristic with endless egoistic desires is restrained by people's social characteristic that alters the self-interested tendency to co-operative perspective through normative and ethical involvement. Durkheim (1966) proposed that adequate socialization

is crucial to provide humans with a collective outlook. For instance, despite the initial hesitation to sacrifice individual interests, sufficient social integration would convince individuals to pursue collective benefits because the majority of the members also do so.

Researchers (e.g., Tulião et al., 2020) employed Durkheim's sociological theory of anomie to investigate the impacts of country-level elements on the relationship between job positions and ethical propositions as well as the effects of income level, socialization process, and social conditions on employees' ethics. More recent studies utilized Durkheim's theory in psychosocial and sociological research. For example, the study by Banerjee et al. (2021) applied Durkheim's theory to explain the positive relationship between suicides and pandemics. Additionally, Lee (2021) analyzed the influence of neighborhood structural factors and collective efficacy on adolescents' suicidal ideation. On the other hand, the study by Choi and Kruis (2021) employed Durkheim's insights to examine the association between social integration and confidence in the police across different nations. To further expand the application of Durkheim's theory in management, this paper examines multi-level aspects to comprehend judgment on tax evasion.

### 1.3 Main Effect

#### Family and Ethics of Tax Evasion

Family is generally considered as one of the social institutions with the existence of social norms. Family is the source of moral and emotional encouragement, normative domination, and non-monetary satisfaction (Messner & Rosenfeld, 2001). Individuals perceiving the family importance usually offer good care and love to their family members; thus, this action of the family relationship development and nourishment weakens their economic pressures. Schoepfer and Piquero (2006) argued that family plays a significant role in society to imbue the crucial principles and skills for refraining from pressures in pursuing monetary goals. Referring to related studies (e.g., Cullen et al., 2004), strong and stable family attachment enhances lawful actions to pursue their ambition and hinders egoistic behaviors. People perceiving family importance tend to prioritize their time for caring for the family members instead of conducting any means

for pecuniary benefits because of economic pressures. Moreover, the family establishes social norms that trigger the enforcement of the prescribed behavior by informal social sanctions (Fehr & Gächter, 1998). Elster (1989) further suggested that social norms would have an impact on tax attitudes. As social norms exist in family institutions and social norms are argued to impact tax compliance, it is predicted that family importance will negatively influence managers' ethics of tax evasion. In other words, family attachment helps humans readjust their behavior and limitless desires through communication and understanding of each other.

*H1: The managers' perceived importance of the family negatively relates to their attitude toward the ethics of tax evasion.*

#### Religion and Ethics of Tax Evasion

Religions demonstrate values that are usually utilized as grounds to examine what is right and wrong (Lechner, 1998). According to Dervic et al. (2004), religious connection, through its moral code, diminishes aggression and enhances social engagement. Conroy and Emerson (2004) argued that religious followers are less likely to perform unethically because of the anxiety of being caught and punished by God. Humans with strong religious beliefs will have more probability of using religious criteria to make moral actions. Firm beliefs in religion are the foundation for ethical living (Vitell & Paolillo, 2003). Although several elements influence taxpayers' conformity perspectives, as clearly evident in previous research (Benk et al., 2016), religion is one factor that encourages taxpayers to voluntarily obey tax laws (Mohdali & Pope, 2012). Substantial evidence has been approved that religious aspects systematically influence tax morale (Torgler, 2005). Religious background correlates with the deviant tendency of taxpayers (Coleman & Freeman, 1997; Tittle, 1980). It was further argued that religious belief has a positive relationship with tax attitude (Alm & Torgler, 2006). The study by Benk et al. (2016) has affirmed that religious factors, in general, have a slight but significant impact on taxpayers' behavior. When an individual perceives the importance of religion, he is more likely to consider religious principles as a guide for his behavior; therefore, the person is less likely to conduct tax evasion.

*H2: The managers' perceived importance of the religion negatively influences their attitude toward the ethics of tax evasion.*

### 1.4 Moderating Effects

#### Poverty

Poverty lines illustrate the degree of income (Human Development Report, 2005). Tang (2007) claimed that the higher individuals' earnings, the more they desire for money. The enhanced desires of higher-income members inspire them to obtain their goals regardless of the morality of their means (Tuliao et al., 2020). Greater compensation instigates higher avarice, as individuals modify their earnings alongside their views, tendencies, expenses, and monetary love (Tang & Chiu, 2003). By contrast, lower-income people are less likely to allow their decisions to be placed on urgent monetary benefits (Grant & Broom, 1988). Poverty constrains limitless desires (Durkheim, 1966). When people are impoverished, they live on a virtually comparable level of life quality, having nearly equivalent resources and opportunities; hence, they are less ambitious and aspirational. They are then discerned to have a higher attachment to ethical values and a lower propensity to be immoral. Individuals perceiving the family and religion importance, under poverty, are likely to be more contented with the values and beliefs of the family and religion, which can make individuals feel secure and pleasant in life. As a result, underprivileged individuals recognizing the family and religion importance have a lower tendency to justify the ethics of tax evasion compared to those who are wealthy.

#### Good Governance

Galang (2012) characterized good governance as the capability of the government to implement public policy without needless postponement, absurdity, or corruption. The study by Alm and Torgler (2006) illustrated that democracy and trust in government have a positive relationship with tax behavior. Torgler (2003) proposed that a robust democratic structure directs better tax obedience. Moreover, the degree to which taxpayers are satisfied with the governance systems appears to be paramount. If individuals perceive that the government's social welfare or public services are reasonable with the paid tax, they tend to be more obedient to tax obligations. Good governance exploits

transparent policies; therefore, humans do not have to conduct deviant actions to obtain their goals. Under a society with good governance, managers' egoism and limitless desires may be declined as their unethical targets and immoral behaviors are restrained by appropriate rules and government effectiveness. As a result, a well-governed society will promote its members, especially those discerning the significance of the family and religion, to obey tax rules. Consequently, under a better-governed nation, individuals perceiving the importance of family and religion are less likely to compromise their ethics of tax evasion than those under a poorly governed system.

#### Political Integration

Schoepfer and Piquero (2006) claimed that the political system plays a vital role in assuring the citizens' well-being and security. A well-integrated political society may emphasize effective public policy to advance its members' welfare. Consequently, the variety of social resources will be dedicated to such targets, ultimately extending collective reasoning, thereby reducing individuals' boundless economic desires. Messner and Rosenfeld (2001) proposed that political integration encourages collective beliefs among individuals. As a result, humans' limitless desires may be decreased to prioritize shared objectives. By contrast, weak political integration is considered as separation from society, which may breed immoral actions. Accordingly, in a well-integrated political nation, individuals perceiving the family and religion importance tend to be more unacceptable of unethical behavior than those who are in an inadequate integrated political society. A nation with better political integration makes people feel more assured as individuals recognize that they will finally benefit from such management mechanism. Consequently, there is a weak pressure for members recognizing the family and religion importance to be unethical for monetary benefits if they are living in a well-integrated political society.

#### Social Integration

Researchers (e.g., Maimon & Kuhl, 2008; Olsen, 1965; Thorlindsson & Bernburg, 2004) have argued that social integration is developed through shared beliefs, norms, support, and increased communication and interconnection

of activities that tighten people into potent social systems. Marks (1974) suggested that sufficient social integration helps the community serve as a reference for their behavior, resulting in robust control systems to constrain and intervene when individuals violate the laws. Through their social interaction, people can better recognize their strengths and weaknesses and shape them into one entity. The social side of individuals results from social integration (Durkheim, 2005; Hynes, 1975). Social integration provides individuals with many opportunities to communicate with others. This interaction may make members alter their own decisions to be compatible with the group. Bohnet and Frey (1994) proposed that communication would transmit a collective decision into an individual one, suggesting that tax behavior is mutually influenced among individuals. A better-engaged society leads to the higher tax compliance of its citizens (Alm et al., 1995). Collective communication could impact tax compliance as individuals adjust their obedience after interacting with others (Alm et al., 1999). In contrast, inadequate social integration breeds redundant individualism and self-interest. Poorly integrated societies cause egoism among people, depriving members of the positive influences of integration that could protect them from unacceptable aspects (Tuliao et al., 2020). Previous research (e.g., Bray & Del Favero, 2004; Gentina et al., 2017) found that a decreased likelihood to abide by the laws and increased inappropriate behavior result from deficient ties to society. Moreover, when an individual positively evaluates the roles of the family and religion, he is more likely to care for the family and religious members' feelings and legitimate benefits and avoid harming others. Consequently, in a well-integrated society, individuals acknowledging the importance of family and religion have a higher tendency to reject the ethics of tax evasion compared to members of a poorly integrated society.

*H3 (a–d): The negative relationship between the managers' perceived importance of the family on their attitude toward the ethics of tax evasion is enhanced as poverty (a), good governance (b), political integration (c), and social integration (d) increase.*

*H4 (a–d): The negative relationship between the managers' perceived importance of religion on their attitude toward the ethics of tax evasion is enhanced as poverty (a), good governance (b), political integration (c), and social integration (d) increase.*

## 2. Methodology

### 2.1 Sample

In this study, the individual-level data used included 3,475 respondents in 47 countries who were “employers/managers of establishments with less than 10 to more than 500 employees”. The data came from the fifth wave (2005–2009) and the sixth wave (2010–2014) of the World Values Survey (WVS), which aims at discovering peoples' beliefs and values. This survey is conducted relatively every five years to discover enduring changes in humans' values and views. The data of this survey was collected through face-to-face interviews, or phone interviews for remote areas, conducted by local organizations.

In the WVS, about 90 percent of the world's population is represented. At least 1000 respondents were chosen to represent each country's population. Further information can be obtained on the WVS website (<http://www.worldvaluessurvey.org>).

This study's samples were chosen based on the availability of national-level data for the moderators and individual-level data for the measures of independent and dependent variables. Respondents who did not provide answers to the individual measures and corresponding country-level data were not included in the study.

### 2.2 Dependent Variable

Consistent with previous research (e.g., McGee et al., 2012; Torgler et al., 2010) using “Cheating on taxes if you have a chance” to gauge an individual's ethics of tax evasion, the authors used this item to form the dependent variable, which is the managers' attitude toward the ethics of tax evasion. This item was measured on a scale from 1 to 10, with 1 representing ‘never justifiable’, and 10 representing ‘always justifiable’.

### 2.3 Independent Variables

The independent variables of this study are the managers' perceived importance of family and religion. The measures of the managers' perceived importance of the family were comprised of two items, including “Indicate how important family is in your life” and “One of my main goals in life has been to make my parents proud”. The two items were gauged on a scale from 1 to 4 and were reverse coded, so

that higher scores illustrate greater managers' perceived family importance. The authors computed the mean score of the two items to gauge the family importance as they represent the degree of perceived family importance and family cohesion by aligning individuals' objectives with their parents' feelings and emotions.

With regard to the managers' perceived importance of the religion, consistent with prior researchers (e.g., Cornwall et al., 1986; De Jong et al., 1976; Myers, 2000; Parboteeah et al., 2004, 2008), the three items comprising "Indicate how important religion is in your life", "How often do you attend religious services", and "How important is God in your life" were used to gauge this independent variable. Similar to the first independent variable's first item, "Indicate how important religion is in your life" was measured on a scale from 1 to 4, in which higher scores represent lower levels of the managers' perceived importance of the religion. Secondly, a scale from 1 to 8 was handled to gauge "How often do you attend religious services", with 1 indicating "more than once a week", and 8 representing "never, practically never". Finally, the third item was measured on a scale from 1 to 10, in which higher scores indicate higher levels of the managers' perceived importance of religion. The final score of the managers' perceived importance of religion was the mean score of the above three items after the scores for the first and second items were reverse coded. Higher mean scores indicate greater managers' perceived religion importance.

### 2.4 Moderators

Individual tax evasion choices are influenced by social conditions (Andreoni et al., 1998). The framework of this study examines poverty, good governance, political integration, and social integration as country-level moderators as these four factors are considered social circumstances that can impact the individual-level variables (Pinder, 2014). Prior research (e.g., Chen et al., 2021) used the Gini index to measure economic inequality. This index gauges the extent to which individuals' income or wealth distribution departs from a well equal distribution (World Bank, 2010). A lower Gini coefficient represents equal wealth distribution. The study by Sen (2006) argued that although income inequality and poverty are two separate

issues, poverty and inequality are mutually dependent. A higher Gini index which indicates higher inequality, is expected to increase poverty (Chong & Calderon, 2000). Accordingly, we utilized the Gini coefficient obtained from the 2015 Human Development Report to measure poverty. Secondly, good governance was quantified by Governance Effectiveness Index obtained from 2009 Worldwide Governance Indicators. As governance effectiveness illustrates the competence, power and legitimacy of a country's government to provide and control public services, economic regulations, legal rights and obligations, and other societal issues, this index was used to gauge good governance. The scale from -2.5 to 2.5 was exerted to measure this item, with the higher scores indicating stronger levels of a nation's governance effectiveness. Thirdly, similar to Tuliao and Chen (2019) using 'lack of voter turnout' to measure a nation's polity, the index of voter turnout collected from the Institute for Democracy and Electoral Assistance was utilized to gauge political integration. Individuals' electoral participation is examined as a means of political integration since this exhibits humans' interest in choosing compatible members for leadership positions who direct political activities toward effectiveness. Voting in national elections signals individuals' attendance in the country's life, and a high voter turnout index indicates that the political system has a strong degree of participation (OECD, 2019). Voting habits represent humans' engagement in collective tasks and the practice of social rights (Schoepfer & Piquero, 2006). Finally, social integration was measured by two items: the satisfaction percentage of education quality and the satisfaction percentage of health care quality obtained from 2015 Human Development Report. The study by Angell (1949) argued that a community's welfare efforts implicitly assume the degree of social cohesion. Therefore, the mean score of the satisfaction percentage of education and healthcare quality was utilized to measure social integration.

### 2.5 Control Variables

Several individual-level and country-level elements related to the dependent variable were considered control variables. Consistent with researchers (e.g., Cullen et al., 2004; Tuliao & Chen, 2019), the effects of gender, marital status, educational attainment, and

income level were accounted for as the four individual-level variables may relate to the ethics of tax evasion. Gender (1 = 'male', 0 = 'female') and marital status (1 = 'married', and 0 = 'other status') were dummy coded. Moreover, the scales of educational attainment ranged from 1 to 8, with 1 indicating the lowest level (Inadequately completed elementary education) and 8 indicating the highest level (University with degree/Higher education-upper-level tertiary certificate). In addition, a scale from 1 to 10 was utilized to measure income level, with 1 representing the lowest group and 10 representing the highest group. Along with the above individual-level controls, GDP per capita was treated as a country-level control variable. This value indicates the standard of living and the development of a nation, as well as the assets that the nation acquires (Chen, 2014). Prior researchers (e.g., Martin et al., 2007) also used GDP in ethics research.

## 2.6 Measurement and Analysis

To perform the descriptive statistics, cross-level correlations, and scale reliability, we utilized SPSS software.

As this study suggested cross-level analysis with the independent variables, dependent variable, and moderators at different levels, a hierarchical linear model (HLM; Raudenbush et al., 2000) was employed to implement the data analysis. HLM was defined as a "complex form of ordinary least squares (OLS) regression that is used to analyze variance in the outcome variables when the predictor variables are at varying hierarchical levels" (Woltman et al., 2012). This method assesses the effects of higher-level outcomes on lower-level ones while maintaining an appropriate degree of analysis (Hofmann, 1997). HLM has been used in several cross-level research (e.g., Parboteeah et al., 2012; Chen, 2014). The authors used HLM to analyze the individual-level main effect between managers' perceived importance of family and religion, and the ethics of tax evasion, as well as the country-level moderating effects of these associations.

## 3. Results

Tab. 1 presents a matrix of correlations and sample statistics from the individual-level to country-level variables. Tab. 2 illustrates the HLM results. Two models are presented in the

table: those of individual-level main effects and control variables (Model 1), and country-level moderating effects (Model 2).

In the first and the second hypotheses, the authors argued that managers' perceived importance of family (*H1*) and religion (*H2*) negatively relates to their attitude toward the ethics of tax evasion. The findings supported both *H1* ( $\beta_1 = -0.10$ ;  $p < 0.001$ ) and *H2* ( $\beta_2 = -0.09$ ;  $p < 0.001$ ).

In *H3a-d*, we proposed that the higher levels of poverty (*3a*), good governance (*3b*), political integration (*3c*), and social integration (*3d*) strengthen the negative relationship described in *H1*. However, the results only demonstrated support for the two hypotheses, *H3a* ( $\gamma_{11} = 0.05$ ;  $p < 0.05$ ) and *H3d* ( $\gamma_{14} = 0.13$ ;  $p < 0.001$ ). In contrast, the findings presented that both *H3b* and *H3c* were significant, but in the opposite direction compared to our original predictions. These different results suggest that the higher level of good governance and the greater degree of political integration weaken the association between the perceived family importance and the ethics of tax evasion. Fig. 1 and 2 show the significant moderators of the relationships examined.

Fig. 1 indicates that a higher poverty level enhances the negative relationship between the managers' perceived importance of the family and their attitude toward the ethics of tax evasion.

Fig. 2 illustrates that a higher level of social integration strengthens the negative relationship between the managers' perceived importance of the family and their attitude toward the ethics of tax evasion.

In *H4a-d*, the authors argued that the higher levels of poverty (*4a*), good governance (*4b*), political integration (*4c*), and social integration (*4d*) enhance the negative relationship between the perceived religion importance and the ethics of tax evasion. However, the results only supported *H4a* ( $\gamma_{21} = 0.11$ ;  $p < 0.001$ ), while *H4b*, *H4c*, and *H4d* were not significant. Fig. 3 shows the significant moderator of the relationship investigated.

Fig. 3 shows that a higher poverty level enhances the negative relationship between the managers' perceived importance of religion and their attitude toward the ethics of tax evasion.

Regarding the statistical results of the control variables, there was homogenous evidence across the two models. Male managers were

Tab. 1: Descriptive statistics, cross-level correlations, and scale reliabilities<sup>a, b, c, d</sup>

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1. Managers' attitude toward the ethics of tax evasion	2.3039	2.21597											
Individual-level variables													
2. Perceived family importance ( $\beta_1$ )	3.4801	0.44603	-0.067**										
3. Perceived religion importance ( $\beta_2$ )	4.6985	2.05005	-0.061**	0.371**	(0.749)								
Country-level moderators													
4. Poverty ( $\gamma_01$ )	37.4374	9.22388	-0.010	0.174**	0.261**								
5. Good governance ( $\gamma_02$ )	0.8271	0.87973	-0.049*	-0.394**	-0.476**	-0.298**							
6. Political integration ( $\gamma_03$ )	69.3217	17.40896	-0.018	-0.083**	-0.148**	-0.060**	0.155**						
7. Social integration ( $\gamma_04$ )	64.3276	14.18200	-0.022	-0.245**	-0.344**	-0.269**	0.648**	0.488**					
Individual-level controls													
8. Gender ( $\beta_3$ )	0.6567	0.47488	0.045**	0.040*	-0.015	-0.030	-0.070**	-0.022	-0.039*				
9. Marital status ( $\beta_4$ )	0.6653	0.47195	-0.048**	0.042*	0.039*	-0.072**	0.011	-0.011	-0.007	0.099**			
10. Educational attainment ( $\beta_5$ )	5.5750	2.09533	-0.043*	-0.113**	-0.138**	-0.131**	0.154**	-0.065**	0.088**	0.042*	-0.038*		
11. Income ( $\beta_6$ )	5.9981	2.42920	-0.008	-0.105**	-0.133**	0.001	0.144**	0.054**	0.124**	0.013	0.067**	0.290**	
Country-level controls													
12. GDP per capita ( $\gamma_05$ )	26.978.9782	16.376.97375	-0.051**	-0.401**	-0.467**	-0.294**	0.901**	0.049**	0.547**	-0.080**	-0.015	0.135**	0.148**

Source: own

Note:

<sup>a</sup> n = 3,475 level 1; n = 47, level 2. Level 2 nations include Argentina, Australia, Brazil, Bulgaria, Burkina Faso, Canada, Chile, China, Cyprus, Egypt, Ethiopia, Finland, France, Georgia, Germany, Ghana, Hong Kong, Hungary, India, Indonesia, Italy, Japan, Malaysia, Mali, Mexico, Moldova, Morocco, the Netherlands, New Zealand, Norway, Poland, Romania, Russia, Rwanda, Serbia, Slovenia, South Africa, Sweden, Taiwan, Thailand, Turkey, Ukraine, the United Kingdom, the United States, Uruguay, Vietnam, and Zambia.

<sup>b</sup> To compute correlations among variables of different levels, the researchers assigned country-level variables to each manager in that nation. Because each nation has its own population, the study counterweights by sample size to equally weigh each nation. The country-level correlations thus are equivalent to those based on the country-level sample size.

<sup>c</sup> \*p < 0.05; \*\*p < 0.01; \*\*\*p < 0.001.

<sup>d</sup> The reliability found in the parentheses are expressed as Cronbach's alpha for scales with  $\geq$  three items or a correlation coefficient for two-item measures.



Tab. 2: HLM results (the DV is managers' attitude toward the ethics of tax evasion) <sup>a, b</sup>

	Model 1			Model 2		
	Coefficient	SE		Coefficient	SE	
Individual-level main effect						
<i>Perceived family importance</i> ( $\beta_1$ )	-0.096	0.020	***	-0.097	0.022	***
<i>Perceived religion importance</i> ( $\beta_2$ )	-0.090	0.021	***	-0.117	0.024	***
Country-level main effect						
<i>Poverty</i> ( $\gamma_{01}$ )				-0.038	0.021	†
<i>Good governance</i> ( $\gamma_{02}$ )				-0.083	0.047	†
<i>Political integration</i> ( $\gamma_{03}$ )				-0.098	0.022	***
<i>Social integration</i> ( $\gamma_{04}$ )				0.014	0.032	
Country-level moderating effect						
<i>Perceived family importance x Poverty</i> ( $\gamma_{11}$ )				0.050	0.021	*
<i>Perceived family importance x Good governance</i> ( $\gamma_{12}$ )				-0.051	0.029	†
<i>Perceived family importance x Political integration</i> ( $\gamma_{13}$ )				-0.060	0.023	*
<i>Perceived family importance x Social integration</i> ( $\gamma_{14}$ )				0.128	0.034	***
<i>Perceived religion importance x Poverty</i> ( $\gamma_{21}$ )				0.109	0.023	***
<i>Perceived religion importance x Good governance</i> ( $\gamma_{22}$ )				0.039	0.029	
<i>Perceived religion importance x Political integration</i> ( $\gamma_{23}$ )				0.007	0.023	
<i>Perceived religion importance x Social integration</i> ( $\gamma_{24}$ )				0.038	0.035	
Individual-level controls						
<i>Gender</i> ( $\beta_3$ )	0.040	0.018	*	0.043	0.018	*
<i>Marital status</i> ( $\beta_4$ )	-0.056	0.018	**	-0.055	0.018	**
<i>Educational attainment</i> ( $\beta_5$ )	-0.052	0.019	**	-0.066	0.019	**
<i>Income</i> ( $\beta_6$ )	0.002	0.019		0.010	0.019	
Country-level controls						
<i>GDP per capita</i> ( $\gamma_{05}$ )	-0.125	0.020	***	-0.069	0.041	†

Source: own

Note: <sup>a</sup> n = 3,475 level 1; n = 47 level 2.<sup>b</sup> †p < 0.10; \*p < 0.05; \*\*p < 0.01; \*\*\*p < 0.001.

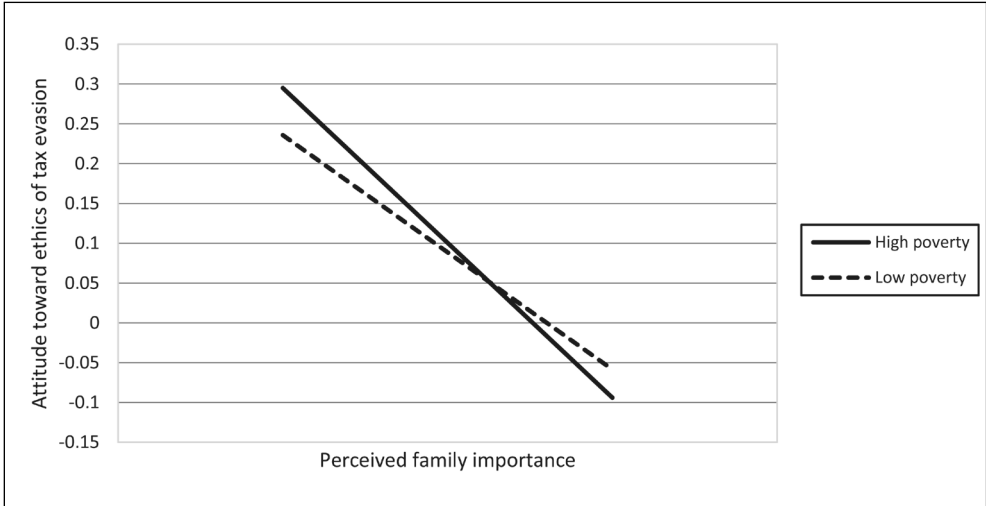
found to have a higher tendency to justify the ethics of tax evasion than female ones. Moreover, married managers tended to be less

accepting of the ethics of tax evasion than the others. Additionally, higher-educated managers illustrated a lower trend of being allowable

toward ethics of tax evasion than lower-educated ones. In contrast, income level did not significantly influence managers' attitudes toward the ethics of tax evasion. Regarding the

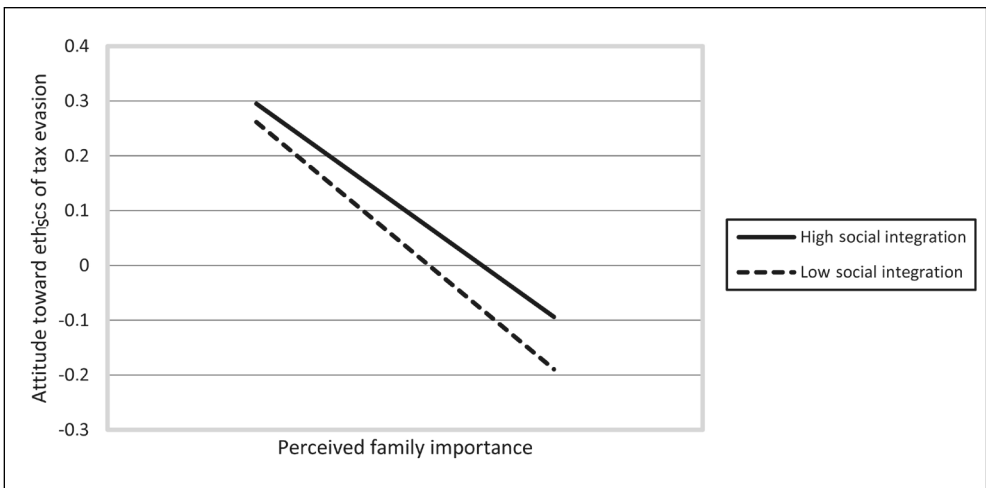
country-level control, managers from countries with greater GDP were found to have a higher propensity to justify ethics of tax evasion.

**Fig. 1:** The association between managers' perceived family importance and attitude toward the ethics of tax evasion at different levels of poverty



Source: own

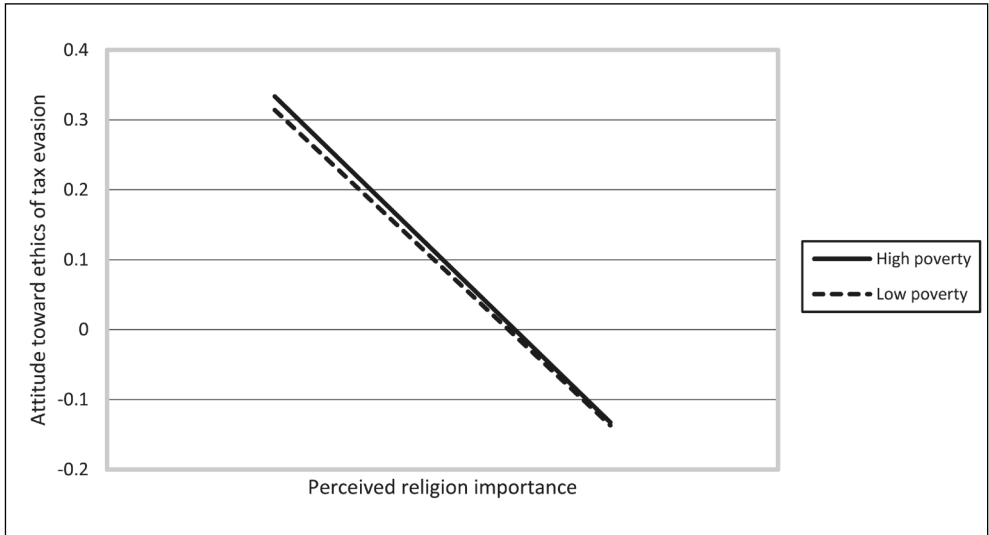
**Fig. 2:** The association between managers' perceived family importance and attitude toward the ethics of tax evasion at different levels of social integration



Source: own

Fig. 3:

The association between managers' perceived religion importance and attitude toward the ethics of tax evasion at different levels of poverty



Source: own

#### 4. Discussion

The objective of the study was to investigate the impact of managers' perceived family and religion importance on their attitude toward the ethics of tax evasion as well as the influence of country-level moderators, including poverty, good governance, political integration, and social integration on the relationships. Three primary findings are meaningful in this research.

First, managers' perceived family and religion importance negatively relate to the ethics of tax evasion. This finding is in line with prior studies asserting that attachment to family and religion leads individuals to behave ethically (Cullen et al., 2004; Messner & Rosenfeld, 2001; Vitell & Paolillo, 2003).

Second, the association between managers' perceived importance of the family to the ethics of tax evasion is moderated by poverty, good governance, political integration, and social integration. Regarding the moderating effects of poverty and social integration, these findings are consistent with the viewpoints of Durkheim and other researchers (e.g., Grant & Broom, 1988; Marks, 1974) that poverty and adequate socialization restrain individuals' limitless desires. Underprivileged people are less likely

to accept immoral decisions for pecuniary interests (Durkheim, 1966). They tend to be easily satisfied with what they possess to have a peaceful life with their family members. When humans are impoverished, they have fewer resources and opportunities, weakening their ambition and aspiration. Alternatively, humans' social characteristics are promoted to change the selfish tendency to collective outlook through sufficient social integration in which people can perceive their backbone and shortcomings more clearly to align them into one entity. When people have adequate social integration, they have a higher tendency to alter their egoism for shared benefits. This constrains them from acting unethically for monetary benefits. Consequently, poverty and social integration make the relationship stronger. On the contrary, the results on the moderating effects of good governance and political integration were opposite to the hypotheses. These results suggest that the greater level of good governance and the higher degree of political integration weaken the negative relationship between the perceived family importance and the ethics of tax evasion. One possible interpretation for the moderating impact of good governance is that,

under well-governed societies, managers are fairly conscious of the effects of their behavior regardless of their perceived importance of family. An effectively governed society promotes managers to be more obedient to tax rules. With the transparency of the policies, they fear that their ethics of tax evasion will be easily exposed and possibly punished. Crocker and Slemrod (2005) argued that firm tax evasion would be weakened if punishment is imposed on the chief financial officer. This explanation is consistent with Allingham and Sandmo's (1972) classic model that grants the primary structure of individuals' attitudes toward tax evasion. Within this model, the individuals' decisions of tax evasion are placed on the probability of being detected and plausibly punished. Following the arguments of this model, economic experts question why individuals or enterprises obey tax rules if an audit or penalty rarely happens (Dhami & al-Nowaihi, 2007). As a result, there will be a decline in the differences in the perceived family importance among managers on their ethics of tax evasion in a well-governed society. Regarding the contrary result of the moderating effect of political integration on the association, it is explained that in a well-integrated political nation, the social welfare and communal benefits of humans, in general, and those of managers, in particular, are equally secure through the effectiveness of the public policies. Moreover, managers in better integrated political societies, regardless of their discerned family importance, are less likely to avoid tax laws since such societies enhance collective beliefs among their members (Messner & Rosenfeld, 2001). Consequently, the differences in managers' perceived family importance on their ethics of tax evasion will be diminished.

Third, poverty enhances the negative relationship between managers' perceived importance of religion and their attitude toward the ethics of tax evasion. This finding confirms the perspectives of Durkheim and other researchers (e.g., Grant & Broom, 1988; Marks, 1974) that poverty promotes humans' collective outlook. Low-income individuals tend to have less enormous desires and are often satisfied with their spiritual life through common religious activities, thereby encouraging them to behave more ethically. This will lead to increased differences in managers' perceived religion importance in their ethics of tax evasion.

## 5. Limitations and Future Research

Despite the significant contributions, this paper has its limitations. First, the use of secondary data represents that the data selection process was beyond the control of the authors. However, the collection procedures of the cross-national data are time-consuming and costly; therefore, the authors used the available data. Nevertheless, the authors made efforts to use the data for multi-level analysis efficiently. Second, it is complicated to ultimately judge social aspects, including poverty, governance, integration, and the perceived family and religion importance. According to Giddens (1971), Durkheim indicated challenges in examining ethics and social situations as a consequence of the absence of forthright measurements. This restrains the authors from employing other measures for this paper. Hence, the authors made efforts to exert the measurements in which several items had been used by prior researchers (e.g., Chen, 2014; Chen et al., 2021; Cullen et al., 2004; Tulliao & Chen, 2019). Finally, the issue of compulsory voting was not dealt with when assessing political integration. However, the study by Chapman (2019) argued that mandatory voting is an indication that society gives importance to equal opportunity for political participation and democratic reform. As voting policies reflect the political system's perceived legitimacy in the society and influence the members' political integration, it was not controlled for in the analysis.

This study guides further research. First, as some of the findings were contrary to Durkheim's sociological theory of anomie's suggestions, it implies the necessity to integrate several approaches that may fulfill Durkheim's theory to strengthen comprehensive perspectives of social phenomena and moral issues, such as wrongdoings in both businesses and organizations, and fraud in non-economic institutions to further test Durkheim's theory and develop its application. Additionally, Durkheim's arguments on the Division of Labor (1964) may be further investigated to yield other angles for uncovering individuals' morality, such as the loss of motivation and discontent in the workplace as well as the preconceptions of human resource directors to personnel affairs at organizations. Furthermore, subsequent investigations can focus on other immoral behaviors such as management fraud as well as entrepreneurial and organizational corruption

to further inspect Durkheim's propositions and broaden its applications.

## Conclusion and Implications

The findings of this paper provide support that managers' perceived family and religion importance negatively influences the ethics of tax evasion. However, this relationship alters under the impact of social aspects such as poverty, good governance, political integration, and social integration.

Through this research, a deeper understanding of the functions of managers' perceived family and religion importance as well as social perspectives on the ethics of tax evasion is achieved. The opposite findings call for incorporating other propositions into Durkheim's suggestions as an essential complementary approach to make Durkheim's theory more comprehensive toward extending deeper insights into ethical issues and social phenomena. Moreover, from the evidence of this study, it appears better to offer activities to enhance managers' perceptions of family and religion. Organizations should establish and support social activities related to family and religious affairs for all members, especially managers. Work-life balance can be championed. Then, managers should be engaged in regulating tax rules. Kidder and McEwen (1989) argued that the more members involved in establishing regulations, the more likely individuals would adhere to that rule. This means that if the majority of the managers approve the tax rules, tax evasion could be diminished. More collective decision-making on tax matters would weaken tax evasion (Alm et al., 1999; Feld & Tyran, 2002). Although the decisions of tax evasion may be built upon several factors such as organizational cultures and a country's management and inspection mechanisms, offering managers practical courses and intervention activities toward the significance of the family and the religion as well as allowing managers to participate in tax regulating acts may decrease their tax evasion.

Tax evasion is a prevalent issue in most countries, compelling organizations to seek solutions to diminish, if impossible to eliminate such immoral undertakings. The findings of this paper can contribute to policy establishment and educational programs on both personal and business ethics to lessen unethical behavior. Authorities can evolve further

supervision systems and detection instruments to assure managers' obedience to lawful commands. Moreover, the presence of justice results in implementing this set of policies effectively. Additionally, the authorities' role models for ethical behavior and tax compliance play a crucial part in educating and deciding the citizens' tax conformity. The government should also establish a well-governed society with transparent public policies and effective law enforcement. Moreover, it seems better to offer all individuals, especially managers, opportunities to integrate into the society and the political system so that they feel more assured of their well-being and legitimate benefits. These actions will encourage people to behave more ethically, thereby weakening the tendency to evade taxes.

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