

**MISPERCEPTIONS OF SOCIAL NORMS
ABOUT TAX COMPLIANCE (1):
A PRESTUDY**

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The Australian National University
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Abstract

Taxpayers may justify non-compliant behaviour with the perceived high prevalence (descriptive norm) or high acceptability (injunctive norm) of tax non-compliance in the population. However, their perception may be distorted: their taxpaying behaviour may follow misperceived norms and reflect 'pluralistic ignorance'. In an experimental questionnaire study focusing on the injunctive norm, psychology students were asked, in a first step, about their personal tax-related beliefs and behaviour and the perceived beliefs and behaviour of others. The results confirmed the divergence between average personal beliefs and perceived beliefs of the average. In a second step, participants were given feedback about either this divergence or about a norm-irrelevant finding (control). The intervention significantly improved the perceived tax beliefs of others (injunctive norm) and, mediated by this effect, increased hypothetical tax compliance. The findings encourage tax-regulatory measures based on these theoretical considerations.

Misperceptions of social norms about tax compliance (1): A prestudy

Michael Wenzel

Introduction

Many studies on tax evasion have found a significant relationship between one's own tax non-compliance and the perceived non-compliance of others (e.g., Bosco & Mittone, 1997; De Juan, Lasheras & Mayo, 1994; Kaplan & Reckers, 1985; Song & Yarbrough, 1978; Webley, Robben & Morris, 1988). Indeed, one common justification for tax cheating and tax evasion may be that 'everybody does it' (Bardach, 1989), which can be extended to '...so why shouldn't I?' or '...I would feel stupid if I did not do the same'.

In stark contrast to a perceived high prevalence of others' tax evasion as a justification for one's own tax evasion, survey results actually indicate that most people believe in the necessity of a tax system and everybody's obligation to pay their fair share. In a survey on the cash economy (Arcraft Research, 1998) commissioned by the Australian Taxation Office (Tax Office), people almost unanimously agreed that 'tax cheats unfairly shift the burden onto honest taxpayers' (97% agreed); and they disagreed with the statement that 'if you're not happy with how the government spends your taxes, it's OK to hold some of it back by not declaring everything you earn' (95% disagreed). Thus according to these results, people personally think one should pay one's taxes. In contrast, a substantial portion agreed that 'most people try and avoid paying their fair share of tax' (49% agreed). Thus perceived common practice seems to contradict personal moral beliefs. Moreover, the results also showed that personal moral beliefs diverge from those moral convictions ascribed to others. While many respondents agreed that 'a lot of people I know think it's OK not to pay tax on cash earnings' (46% agreed), only a fraction agreed that 'I think it is OK being paid cash for a job and then not declaring all of it on your tax return' (8% agreed). To sum up, taxpayers suspect that a high proportion of taxpayers evade tax and regard this as appropriate behaviour, while they personally disapprove of such behaviour. This constellation is problematic for two reasons. First, there is the risk that the misperceived social norm exerts pressure on

people to disregard their personal beliefs and evade tax. Second, for those taxpayers who themselves would prefer to evade taxes, the high perceived prevalence of tax evasion provides them with a justification for doing so.

The concept of 'pluralistic ignorance' captures the first of these two possible processes. It refers to the phenomenon that people misattribute other people's behaviour through failing to realise that the same social pressure that determines their own behaviour may also determine the behaviour of others (Miller & McFarland, 1987). With regard to tax evasion, a perceived high prevalence of tax evasion would be attributed to other people's conviction that tax evasion is acceptable, if not appropriate, behaviour. In turn, this social norm would exert some pressure to conform and evade tax as well. In doing so, one contributes to the general impression of widespread evasion which others, due to pluralistic ignorance, again attribute to moral conviction rather than to social pressure. There is thus a positive feedback loop of misattribution and conformity. An intervention to increase tax compliance could try to break the feedback loop and give taxpayers information about the true moral convictions in the taxpayer community (cf. Schroeder & Prentice, 1998). It could demonstrate the discrepancy between personal beliefs and beliefs attributed to the collective (pluralistic ignorance) and instigate a reappraisal of the situation.

The second process does not require the assumption that people themselves personally object to tax evasion. Rather, it focuses on those who feel inclined to evade tax but may feel vague social restrictions against actually doing so. Through projecting their own behaviour and convictions onto the majority of taxpayers, they render their own behavioural tendency (i.e., tax evasion) as the dominant, normal and socially accepted act. They perceive a 'false consensus' (Marks & Miller, 1987) and thus construct their own justification for tax evasion and the conviction that they are doing the right thing. An intervention to increase tax compliance could again inform taxpayers about the true amount of tax evasion and social approval for it. It would correct taxpayers' perceptions and reduce the justifiability of tax evasion.

The intervention would involve, in a first step, surveying a group of taxpayers about their personal taxpaying beliefs and behaviour as well as their perceptions of other people's beliefs and behaviour. In a second step, the respondents would receive feedback on the results, which would (probably) show a discrepancy between the aggregated personal beliefs and perceived beliefs of the aggregate (or category) of taxpayers. These moral beliefs refer to the prescriptive norm of how people should behave (Cialdini, Kallgren & Reno, 1991), which is probably more relevant to the pluralistic ignorance process (Schroeder & Prentice, 1998). Alternatively, the taxpayers would receive, in the second step, information on the aggregated individual (self-reported) behaviour and the perceived taxpaying behaviour of the aggregate of all taxpayers. Results would probably show that people overestimate the extent of non-compliance, in particular when they themselves are not fully compliant. This refers to the descriptive norm of how people actually behave (Cialdini et al., 1991), which is probably more relevant to the false consensus process. The effectiveness of the intervention could be compared with a control group of taxpayers who would not receive feedback about the results (or feedback about an irrelevant aspect of the results) and a control group that would not participate in the survey at all (and therefore would not receive any feedback).

As a preliminary test of the effectiveness of such an approach, an experiment with student participants was conducted. A student sample was used out of convenience. Certainly, university students differ in many respects from the population of taxpayers that would be used later for the actual intervention. However, the preliminary study tested theoretical predictions about more general psychological processes and there are no theoretical reasons why students and general taxpayers should differ in terms of these processes. Thus on a theoretical level the preliminary study was intended to inform the later intervention and contribute to a theoretical understanding of taxpaying behaviour, even if we cannot generalise the findings directly to actual taxpaying behaviour and to a real-life intervention that would differ in many procedural details. The procedure of this preliminary study indeed allowed for a more detailed analysis of the underlying processes than would be possible in an evaluation of the actual intervention. So this study is a necessary complement to the later evaluation of the real-life intervention.

Study

The study comprised two phases. In a first step, students were asked about their own beliefs about paying taxes and their own (hypothetical) taxpaying behaviour, as well as the beliefs and behaviour of other students. In a second step a week later, the students were given feedback about the findings and asked again, embedded in other questions, about their own beliefs and the beliefs of others. They were also given taxpaying scenarios and asked to indicate the degree to which they would be honest and comply with the Tax Office. In the feedback phase of the experiment, two different conditions were realised. Participants in the experimental condition received feedback about their own versus others' tax-related moral beliefs (injunctive norm). Participants in the control condition received feedback about an irrelevant aspect that did not have normative implications for taxpaying behaviour, namely, the degree to which respondents felt informed about tax issues versus the degree to which they regarded others to be informed (control). To keep the study simple, it investigated only an intervention based on perceived *injunctive* norms; it did not test the impact of feedback on descriptive norms, that is, one's own versus others' taxpaying behaviour.

The predictions were as follows. First, a pattern of pluralistic ignorance (and false consensus) was predicted. That is (hypothesis 1), respondents will endorse fairness and honesty in paying taxes to a greater degree than they think others do (injunctive norm) and will report being more honest and compliant when it comes to paying taxes than they think others are (descriptive norm). Second, feedback about the injunctive norm finding should correct the respondents' misperception of the social (injunctive) norm. That is (hypothesis 2), the norm-relevant feedback (relative to the irrelevant feedback) will reduce the perceived discrepancy between respondents and others (pluralistic ignorance), as respondents will regard others as endorsing fairness and honesty to a greater degree after receiving feedback compared with before. This correction of the perceived social norm should lead to more compliant behaviour. That is (hypothesis 3), respondents in the norm-relevant feedback condition will indicate more compliance in taxpaying scenarios than respondents in the norm-irrelevant condition. This effect of feedback on compliance should be due to correction of the perceived social norm. That

is (hypothesis 4), the effect of the feedback manipulation on compliance will be mediated by the perceived injunctive norm and thus will be significantly reduced if the effect of the injunctive norm is controlled.

Method

Participants and design

Sixty-four first-year psychology students participated in the study: 44 females and 20 males aged between 17 and 42 years ($M = 22$). Six participants did not participate in the second part of the study. For the second part, participants were randomly allocated to one of four conditions of a 2 x 2 design including the factors Feedback (treatment vs. control) and Order (self-others vs. others-self). The latter factor was included to control for an effect of order of self versus other questions in part 1.

Questionnaire part 1

Participants were asked to participate in a questionnaire study on tax issues that would involve a second part in the following week. In order to be able to combine the responses from the two parts, participants were first instructed to develop a code number (based on personal details such as 'The first letter of your mother's first name') that they would be able to reconstruct a week later. Then they were introduced to the topic of tax, acknowledging that this might not yet be an issue for them if they did not earn taxable income, but it soon would be relevant to all of them. The order of the following questions was varied. In one condition, respondents were first asked: 'After you have entered the workforce and are then earning taxable income: What would YOU think and do?' This was followed by six questions measuring their belief in honesty when it comes to tax (e.g., 'Do you think one should be absolutely honest in one's tax returns?'; 'Do you think cheating in one's tax return is harmless, like playing a game?'; all items had a response scale from 1 = not at all, to 7 = very much, unless otherwise indicated) and four questions measuring their hypothetical taxpaying behaviour (e.g., 'Would you be honest in your tax returns?', 'Would you overstate tax deductions in

your tax returns?'). Then a second block of questions was introduced with the question: 'After students have entered the workforce and are then earning taxable income: What do you think MOST STUDENTS would think and do?' The same questions as used before for one's personal beliefs and behaviour were now phrased in terms of the perspective of other students (e.g., 'Do most students think one should be absolutely honest in one's tax returns?'). In the other condition of the factor Order, the order of these two blocks of questions was reversed.

The remainder of the questionnaire was used to pretest some other material that is not relevant for the present study, except for one question where participants were asked how well-informed they thought they and other students were about the current tax reform in Australia (e.g., 'How much do YOU know about the Tax Reform?' and 'How much do MOST STUDENTS know about the Tax Reform?'). Finally, respondents were asked to indicate their sex and age.

After respondents had returned the questionnaire, they were asked to indicate on a list whether or not they had actually earned taxable income beyond the tax-free threshold. This question should indicate to what extent tax was an issue for these students. However, it was kept separate and cannot be linked with the data from the actual questionnaire in order to acknowledge that participants may not want to answer this question, without affecting their willingness to fill in the questionnaire.

Questionnaire part 2

A week later, the students received another questionnaire that gave them feedback about the findings from the first part. First, they were instructed to reconstruct their code. Then they read a page that firstly recapped the earlier questionnaire and secondly described and graphically illustrated a finding from it. At this stage, the main manipulation took place. In the treatment condition, respondents were told about the discrepancy between average personal views and the perceived views of the average student:

On average, respondents held the strong personal view that one should be honest in one's tax matters, should willingly fulfil one's civic duty to pay taxes and should not regard tax cheating as a minor offence or a game. In contrast, respondents thought that most students would hold these same views to a lesser degree. That is, most students would think honesty, sense of duty and disapproval of cheating was less important when it comes to paying one's taxes. Hence, these results reveal an interesting paradox. The average of all the personal views that we received sums up what most students *actually think*, and this contrasts sharply with what they *think most students think*. Most students actually agree that honesty, responsibility and truthfulness are important when we pay our taxes!

This finding was further illustrated with a bar chart that showed the pattern of means for the average personal view versus the perceived average view for a selected question. The graph depicted the true findings for the variable 'Overstating one's tax deductions is acceptable vs. unacceptable'.

In the control condition, participants were informed in the same way about a similar discrepancy, however, for a presumably norm-irrelevant finding. This finding referred to the discrepancy between one's own and others' knowledgeability concerning tax reform:

On average, respondents clearly indicated that they knew rather little about the Tax Reform. In contrast, respondents thought that most students would know more about the Tax Reform. Hence, these results reveal an interesting paradox. The average of all the personal views that we received sums up what most students *actually think* they know, and this contrasts with what they *think most students know*. Most students stated they were not well informed about the new tax system but assumed others were better informed!

Again, the finding was also illustrated graphically, namely for the item 'Are you familiar with Activity Statements? – not at all vs. very much'.

On the following page, first, six questions asked the students to comment on these findings in both conditions. These questions are not of interest here and were only used to divert participants from the true purpose of the study. Then, one question asked respondents again about their and others' knowledgeability concerning tax ('Do you think YOU [MOST STUDENTS] are informed well about tax issues?') and three

questions asked about their and others' honesty beliefs and injunctive norms (i.e., a subset of the six questions used in the first part of the study).

A short description of a scenario followed, where respondents were asked to imagine they were preparing their tax return and realised they had few deductions to claim. 'However, you kept a number of receipts for books that were not related to your work or studies. The short titles on the receipts, though, could give the impression that they were. You spent about \$350 on these books.' Two questions measured the hypothetical tendency to falsely claim the expenses as deductions ('How likely is it that you would claim deductions on some or all of these expenses?', 1 = not at all, 7 = very much; 'How much of these expenses would you claim as work-related expenses?', 1 = none, 7 = all of them; $\alpha = .89$) Scale scores were obtained by averaging across these two items.

The remainder of the questionnaire again pre-tested some other material, the details of which are not relevant to the present study. Respondents were told that the following questions were part of a different and unrelated study. They were asked to take the role of a small business owner who had not lodged their tax statement (Business Activity Statement) and who had received a reminder letter. The respondents answered several questions about the qualities of the letter before they also were asked how they would react to the letter. The compliance measure relevant for the present study was: 'Would you feel tempted to defy the Tax Office?'

Results

Judging from their comments and willingness to fill in the questionnaire, the students seemingly related well to the issue of tax. Out of 64 respondents, 32 indicated that they earned taxable income, while 26 indicated that they did not (six respondents did not answer this question). Irrespective of their own experience, however, the questions seemed to be meaningful to them.

Although the present study focused only on the impact of injunctive norms on tax compliance, it may be of interest whether injunctive and descriptive norms proved to be

empirically distinguishable. A factor analysis for the six items measuring one's personal honesty beliefs and the four items measuring personal behaviour yielded one strong factor (Eigenvalue = 6.64) that accounted for 66% of the variance. The next strongest factor had an Eigenvalue of only .737 and was therefore ignored. A factor analysis for the 10 items measuring others' beliefs and behaviour likewise yielded one strong factor (Eigenvalue = 5.96), accounting for 60% of the variance. The second largest factor had an Eigenvalue of .928 and was thus just under the critical level of 1. However, even if the factor analysis was defined to provide a two-factor solution, the two emerging factors (accounting for 38% and 31% of variance after rotation, respectively) did not match the theoretical distinction between injunctive and descriptive norms. The fact that all items were measured in one block might have contributed to this lack of empirical differentiation between the two concepts, and further research needs to establish whether the conceptual distinction between descriptive and injunctive norms is a meaningful and valuable one in the area of taxation.

A factor analysis for all injunctive items, that is, the six items pertaining to one's personal beliefs and the six items pertaining to the beliefs of others, yielded a two-factor solution. The two factors had Eigenvalues of 6.49 and 1.27 at the point of extraction and accounted for 33% and 32% of variance after rotation, respectively. The two factors reflected the expected differentiation between one's personal beliefs and the perceived beliefs of others. The six items for one's personal beliefs and the six items for the beliefs of others loaded substantially on their respective factor (with loadings > .50) without substantial cross-loadings (< .50). Likewise, a factor analysis for all eight behavioural descriptive norm items yielded a two-factor solution. The two factors had Eigenvalues of 4.91 and 1.20 at the point of extraction and accounted for 41% and 35% of variance after rotation, respectively. The four items for one's own behaviour and the four items for the perceived behaviour of others loaded substantially on their respective factor (with loadings > .50) without substantial cross-loadings (< .50).

Self-other discrepancies

Despite the lack of empirical differentiation, the distinction between injunctive and descriptive norms was upheld for tests of self-other discrepancies. Four scale scores were obtained (i.e., for personal and others' injunctive and descriptive norms) by averaging across respective items. An analysis of variance for tax beliefs and behaviour was performed with the three factors Order, 'self vs. other' and 'injunctive vs. descriptive norms'; the latter two being within-subject factors. The analysis yielded three significant main effects. Most importantly, the self and other-ratings differed significantly, $F(1, 62) = 123.31, p < .001$. Respondents indicated that their own beliefs and behaviour reflected more tax honesty and greater tax morality than others' beliefs and behaviour ($M_s = 5.51$ vs. 4.19). This effect was not further moderated; it held for the injunctive and descriptive norm aspect likewise. The other two main effects can be ignored. First, the main effect of 'injunctive vs. descriptive', $F(1, 62) = 4.04, p = .049$, should not be interpreted because the measures of injunctive and descriptive norms are not strictly comparable. Second, the main effect of Order, $F(1, 62) = 4.65, p = .035$, reflects that respondents thought their own and others' beliefs and behaviour showed greater tax morality when they were asked to rate others' beliefs and behaviour first followed by their own, rather than vice versa ($M_s = 5.14$ vs. 4.56). This result is most likely to reflect an anchoring effect: the perspective respondents described first determined the part of the rating scale they used to indicate a difference between self and others. This main effect is also not theoretically substantial and can be ignored.

More important and crucial is the finding that, as predicted, respondents differentiated sharply between their own beliefs and behaviour and the beliefs and behaviour they expected of others. They indicated that they personally believed that one should be honest in one's tax dealings (and that they would act likewise), whereas other students would endorse such beliefs to a lesser degree and find tax cheating more acceptable. This result was crucial for the second part of the study, when this finding was reported back to the students and described as a paradox that would imply that their view of other students' beliefs and behaviour needed to be corrected.

Changing injunctive norms

The intervention of the present study focused on injunctive norms. Furthermore, because the respondents should not be alerted to the fact that the study involved a pre-post measure and that the feedback constituted an intervention in between, only three of the injunctive norm items were repeated in the second part of the survey, embedded in a number of other items. Therefore, only the same three injunctive norm measures from parts 1 and 2 were considered for the pre-post analysis. These three measures had sufficient reliabilities comparable between the two parts (self: $\alpha_s = .84$ and $.82$; others: $\alpha_s = .75$ and $.86$, for parts 1 and 2 respectively). Moreover, the conceptual distinction between one's own and others' beliefs was again corroborated on the basis of the data from part 2. A factor analysis that was set to extract two factors (initial Eigenvalues = 3.66 and .95; explained variance after rotation = 39% and 38%, respectively) provided a clear separation between self and other-items. Self and other-items loaded substantially on one factor each (loadings $> .70$) without any substantial cross-loadings ($< .40$). Scale scores for personal and others' injunctive norms were obtained by averaging across respective items.

Following hypothesis 2, it was tested whether the norm-feedback intervention significantly improved the perception of the social norm. An analysis of variance for the perceived injunctive norms of others was performed with the between-subjects factors Order and Feedback (treatment vs. control) and the within-subjects factor 'pre vs. post-treatment'. The analysis yielded three significant effects. First, there was a main effect of Pre-post, $F(1, 54) = 5.12$, $p = .028$; it reflected that respondents perceived the social norm to be more positive at the second than the first measurement point ($M_s = 4.52$ vs. 4.19). However, this effect was moderated by two two-way interactions. The less interesting one is the interaction between Pre-post and Order, $F(1, 54) = 6.33$, $p = .015$; the order effect at Time 1 ($M_s = 3.83$ vs. 4.53) disappeared at Time 2 ($M_s = 4.55$ vs. 4.52). It is trivial that the order of items at Time 1 did not have an impact anymore at Time 2. More interesting, however, is the interaction between Pre-post and Feedback, $F(1, 54) = 4.80$, $p = .033$, as it confirmed the prediction. In the treatment condition, where relevant normative feedback was given, the perceived injunctive norms of others became more positive ($M = 4.14$ vs. 4.80), $t(28) = 2.72$, $p = .011$. In contrast, in the

control condition, where the feedback was normatively irrelevant, the perceived injunctive norm remained constant ($M = 4.24$ vs. 4.24), $t(28) = .00$, *ns*. The intervention successfully increased the perception that most other people think one should be honest and truthful in one's tax returns.¹

Influencing taxpaying behaviour

The intervention thus influenced perceived social norms, but did it also affect (hypothetical) tax compliance? Two measures were available to test for such an effect. First, there was a hypothetical scenario of having the opportunity to incorrectly claim expenses as deductions, which followed immediately after the injunctive norm post-measure. Second, presumably as part of an unrelated questionnaire and set in a different context, participants were instructed to take the role of a small business owner who received a reminder letter and were asked whether they would defy the Tax Office.

First, the deduction measure was subjected to an analysis of variance with the factors Feedback and Order. The analysis yielded a main effect of Feedback, $F(1, 54) = 4.39$, $p = .041$, in line with hypothesis 3. Compared to the control condition, the norm feedback significantly increased hypothetical compliance ($M_s = 4.10$ vs. 5.07). Second, the defiance measure was subjected to an analysis of variance with the factors Feedback, Order and Letter Quality. The latter factor referred to three kinds of reminder letters that were pre-tested in this study; the factor is not relevant for the present study, however, it was included and controlled for. The analysis yielded exclusively a marginally significant main effect of Feedback, $F(1, 54) = 2.97$, $p = .092$, again in line with the prediction. Compared to the control condition, respondents in the normative feedback condition indicated that they would comply more and defy the Tax Office less ($M_s = 5.21$ vs. 5.83).

¹ Further analyses showed that this effect on perceived social norms did not significantly reduce the self-other discrepancy. An analysis of variance with the factors Order, Feedback (treatment vs. control), 'self vs. other' and 'pre vs. post-treatment' yielded a non-significant three-way interaction effect of Self-other, Feedback and Pre-post, $F(1, 54) = 2.42$, $p = .125$, even though there was a visible trend.

Hypothesis 4 predicted that an effect of the intervention on tax compliance would be due to its effect on the perceived social norm. In order to test for this mediation hypothesis, the same analyses for the two compliance measures were run again, but this time the perceived social norm was included as a covariate. If the effects on compliance were mediated by the perceived social norm, the covariate should have a significant effect and the effect of the intervention should be substantially reduced. The analysis for the deduction measure revealed a significant effect of the covariate, the perceived social norm, $F(1, 53) = 7.10$, $p = .010$. The effect of Feedback was now non-significant, $F(1, 53) = 2.21$, *ns*. Likewise, the analysis for the defiance measure yielded a significant effect of the covariate, $F(1, 53) = 6.03$, $p = .018$, and there was no longer an effect of Feedback, $F(1, 53) = 1.39$, *ns*.

Discussion

The present research yielded good evidence for an approach to tax compliance in terms of misperceived social norms and suggests that interventions designed to correct such perceptions would be a promising approach to increase tax compliance. Respondents held much more positive beliefs about the obligation to pay taxes and to be honest in one's tax dealings than they thought others did. Certainly, respondents might be motivated to hold this view as it reflects positively on them. However, whatever the underlying motivation, the importance of this study is in showing that there is an apparent contradiction between average personal beliefs and perceived beliefs of average others; and respondents can be confronted with this contradiction with subsequent effects on their behaviour.

The pattern reflects a pluralistic ignorance (Miller & Prentice, 1994; Prentice & Miller, 1993) that may have destructive effects. 'I personally think one should be honest, but everybody else cheats on taxes, so why shouldn't I? I would be stupid if I did not do the same.' Not only is there an overestimation of others' non-compliance but also the belief that others hold normative beliefs consistent with their behaviour. In fact, the concept of pluralistic ignorance refers to the underestimation of social pressure that others might experience, neglecting the possibility that they cheat on taxes out of conformity with the

social pressure rather than out of personal immorality. So, another more abstract self-other discrepancy is essential to the concept, namely the view that others act in the way they do because they think it is right, while one acts 'only' out of conformity with others' (social) norms. The destructive force lies in the perpetuation of the misperceived social norm through one's behaviour, because everybody is an 'other' for others and thus one's own behaviour contributes to their misperceptions of the social norm.

The present study demonstrated that this cycle can be broken. Respondents who were given feedback about the paradox affecting average personal beliefs and perceived beliefs of the average other person significantly changed their perception of the social norm and perceived others to hold more moral beliefs about paying taxes. Furthermore, in line with the assumption that respondents would follow and conform to some extent with the perceived social norm, the feedback intervention also changed respondents' hypothetical behaviour and increased their compliance. We empirically demonstrated that this effect was mediated by perceptions of the social injunctive norms that others were more moral in their beliefs about taxpaying than previously assumed.

We can thus draw three important conclusions from the present research. First, social norms seem to matter in the area of taxation and affect taxpaying behaviour. Second, taxpayers may misperceive these social norms and underestimate others' beliefs in the obligation to pay one's taxes honestly. Third, an intervention that gives taxpayers feedback about this phenomenon may be effective in correcting perceptions of social norms and increase the degree to which others are perceived to endorse beliefs of tax honesty. In this way, the intervention can increase tax compliance.

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