Issues in Social and Environmental Accounting
Vol. 5, No. 1/2 December 2011
Pp 3-24

Public Governance Quality and Tax Compliance Behavior in Nigeria: The Moderating Role of Financial Condition and Risk Preference

James O. Alabede[1]
Department of Accountancy,
Federal Polytechnic Bauchi, Nigeria

Zaimah Bt. Zainol Ariffin[2]
Kamil Md Idris[3]
College of Business
Universiti Utara Malaysia

Abstract

To have better understanding of compliance behavior of individual taxpayers in developing countries especially Nigeria, this study is undertaken primarily to test relationship between taxpayers' perception about public governance quality and their compliance behavior as well as to determine whether the relationship is moderated by financial condition and risk preference individually and jointly. This study involved a survey of individual taxpayers' opinion, perception and behavior about public governance quality as well as tax compliance. The major finding of this study is that public governance quality has significant positive relationship with tax compliance behavior. The study also indicates that risk preference has strong negative moderating effect on the relationship between public governance quality and tax compliance behavior. Administration of income tax in Nigeria is characterized by low compliance level and therefore, there is no doubt that improvement in public governance quality would contribute significantly in reawakening the culture of tax compliance among individual taxpayers in Nigeria. Empirically, nothing much is known in tax compliance literature about the influence of public governance quality on tax compliance behavior of individual taxpayers as well as the moderating effect of financial condition and risk preference on tax compliance and its determinants. This study extended tax compliance model to incorporate public governance quality and moderating effects of financial condition and risk preference.

Keywords: *Tax compliance, Public Governance Quality, Financial Condition, Risk Preference*

---

[1] James O. Alabede, Bsc, HND, MSc, MBA, FCA, FCTI, ACIB, is a senior lecturer with Department of Accountancy, Federal Polytechnic Bauchi, Nigeria and specialises in taxation. He is currently a doctoral candidate with School of Accountancy, College of Business, Universiti Utara Malaysia. Contact: Tel +60142449271, email: joalabede@yahoo.com.

[2] Dr. Zaimah Zainol Ariffin is a senior lecturer with School of Accountancy, College of Business, Universiti Utara Malaysia. She specialises in taxation. Contact: Tel +60193922383, email: zaimah@uum.edu.my.

[3] Dr. Kamil Md Idris is a professor of accounting and the dean of School of Accountancy, College of Business, Universiti Utara Malaysia. He specialises in taxation and research methodology. Contact: Tel+60194885050, email: kamil@uum.edu.my

1. Introduction

Financial resources with which government discharges its numerous responsibilities come in form of tax revenue and non- tax revenue. Alabede (2001) and Olaofe (2008) identified tax as the principal source of revenue to government in some countries[1]. Eshag (1983) however argued that the amount of tax revenue generated by government for its expenditure program depends among other things, on the willingness of the taxpayers to comply with tax laws of a country. It is well accepted that some people do not like paying taxes and because of this reason, it is difficult for tax authorities to impose and collect taxes anywhere and time (Alm, Martinez- Vazquez and Schneider, 2003). The failure to oblige to tax provisions suggests that a taxpayer may be committing an act of noncompliance (Kirchler, 2007). Franzoni (2000) stated that tax noncompliance is most common and critical of all problems of tax administration.

Tax noncompliance is a universal phenomenon present in both developing and developed countries (Chau & Leung, 2009; Goradichenko, Martinez-Vanzquez & Peter, 2009; McGee, 2006 and Tanzi & Shome, 1993). In developing countries, tax revenue loss as a result of noncompliance is proportionally greater than the amount in developed countries because the presence of large informal economy that is the hard- to-tax sector, (Terkper, 2003). The available statistic put the average tax revenue loss in developing countries to as much as between 35% and 55% of the Gross Domestic Product (GDP) in 2002, (Terkper, 2003). These estimates slightly increased between 14% and 27% over the estimates of between 30% and 40% of GDP in 1993, (Feige, 1998 and Plyle, 1998). Cobham (2005) estimated that developing countries lose US$ 285 billion per year as tax revenue due to tax noncompliance.

However, over the past few decades, a growing amount of attention has been focused on the issue of tax compliance problem in the world especially in the developed countries. These general concerns have resulted to numerous empirical studies into the phenomenon. Most of the research studies have viewed the problem from the theoretical perspective of economic deterrence models, (Riahi-Belkaou, 2004). The classical theory of tax compliance otherwise known as A-S models developed by Allingham and Sandmo in 1972 was based on Becker's (1968) deterrence theory. The theory assumes taxpayer maximizes the expected utilities of the tax evasion gamble, balancing the benefits of successful cheating against the risky prospect of detection and punishment, (Sandmo, 2005). The general conclusion of this theory is that compliance depends largely on tax audit and penalty. The implication of the theory is that taxpayers will pay taxes only because of the fear of sanction therefore more taxes will be paid with increase in fine or audit rate.

But the deterrence approach as the measure to fight noncompliance has been contested in economic analysis. Empirical evidences are abundant to prove that deterrence may not entirely be depended upon to understand the phenomenon of tax noncompliance. For instance, Feld and Frey (2003), Slemrod (2009), Tor-

[1] Income tax was 60.3% and58.7% of total tax of the central government of Malaysia and Indonesia respectively in 2004, (Bird & Zolt,2005).

gler (2003) and Torgler and Schaffner (2007) have all reported that fines and tax audit are unable to account for the actual level of tax compliance in some countries. Deterrence theory is based on economic analysis and ignores completely social and psychological perspective of noncompliance. However, Jackson and Millron (1986) and Alm (1999) stated that tax noncompliance decision may be affected by factors not considered in the basic model and that other factors may well be relevant in explaining tax noncompliance behavior. As a result, some researchers had expanded the model. But despite the various expansions, literature has nothing much to show on the influence of perception of taxpayers about public governance quality as well as moderating effect of personal financial condition and risk preference on tax compliance behavior. But the relevance of these factors in understanding tax compliance behavior particularly in developing countries and Nigeria especially cannot be underestimated (Bird,&Zolt, 2005 ; Everst-Philip & Sandall,2009; Odinkonigbo,2009; Torgler, 2007). This study is undertaken primarily to test the relationship taxpayer's perception about public governance quality and his/her tax compliance behavior and to determine whether the relationship is moderated by taxpayer's financial condition and risk preference. To achieve these objectives, this paper is organized into five major parts.

2. Literature Review

Tax Compliance Behavior in Nigeria

Today, in Nigeria as the case with some developing countries, administration of income tax is characterized by low compliance level. Despite Nigeria's human and natural endowment as well as economic potentiality, the country has continued to record one of the lowest tax compliance rates in Africa, (CITN, 2010). Even with all efforts through the various tax reforms[2] undertaken by Nigerian government to increase tax revenue over the years, statistical evidences have proved that the contribution of income taxes to the government's total revenue remained consistently low and is shrinking. However, of all the taxes, personal income tax has remained the most disappointing, nonperforming, unsatisfactory and problematic in Nigerian tax system, (Asabe, 2005; Kiabel & Nwokah, 2009; Nzotta, 2007; Odusola, 2006; Sani, 2005). The statistical data indicated that contributions of non oil income tax to total revenue of Government in Nigeria dropped from 19.8% in 1999 to 11.7% in 2008 and the tax ratio in 2009 was 11% the lowest in West Africa and below 15% recommended for low income countries, (CBN,2008; Cobham,2005; ITN,2010). Specifically, the contribution of individual income tax remained marginal and comparatively low in Nigeria's tax revenue. At the state and local government levels, where the major source of internal revenue is expected to be individual income tax, its contribution to the total revenue of these levels dropped from20.18 and7.7% in 1999 to 12.4 and 1.6% in 2008 respectively (CBN, 2008) . Although the low and the shrinking tax compliance level in Nigeria might be caused by multitude of factors, but the relevance of public governance quality cannot be underestimated,(Akpo,2009; Bird,& Zolt, 2005;

[2] Some tax reforms in Nigeria include Structural Adjustment Program in 1986,Shehu's Task Force on Tax , 1978; Dr Sylvester's Study Group on Tax , 1999; Economic Empowering Development Strategies, 2002

Everst-Philip & Sandall,2009; Odinkonigbo,2009; Oluba,2008).

Public Governance Quality and Tax Compliance

Public governance quality is an issue of general concern to citizens of nations as it bothers directly on benefits derivable from governance. World Bank (2006) views public governance quality as the process in which leaders in authority are selected, monitored and replaced together with the capacity of the government of a country to manage the resources of a country effectively and implement sound policies for benefits of everyone as well as the respect of the citizens and the government for the institutions that regulate economic and social interaction in the country. Rotberg (2005) also described public governance as the management, supply and delivery of political goods to the citizens of a country. To Besancon (2003) public governance exists to deliver political goods to the citizens and further stated that quality public governance is assumed when a country provides high order of certain political goods.

However, what is the connection between public governance quality and tax compliance behavior. Citizens support government in its responsibilities through the provision of finance in form of tax payment. What is happening in government therefore, should matter to the taxpayers because they provide the finance for its sustenance. In analyzing the relationship between taxpayers and government, Levi (1988) stated the tax compliance is influenced by vertical contract. He said that the contract between taxpayers and government is vertical contract which he refers to as quid pro quo of taxation. Vertical contract is concerned with whether taxpayers get public goods in exchange for taxes paid. According to the argument of quid pro quo, complying with tax law provision depends in part on whether the political goods provided by the government are sufficient in return to the taxes they are paying (Lassen,2003). Levi (1988) argued that if it is perceived by the taxpayers that the rate of transformation from tax to political goods is low then the taxpayers will feel that the government has not kept its obligation of the contract, as a result, voluntary tax compliance will deteriorate. In support of Levi (1988), Besancon (2003) also stated that there is social contract between government (ruler) and taxpayers (ruled) which embodied effective delivery of political goods.

In addition, in line with earlier submission of Alm, McClelland and Schulze (1992), Lassen (2003) said that the political goods mix is also important and declared that if the political goods mix supplied by the government is very different from those the taxpayers prefer or rate of transformation is low due to corruption, taxpayers may feel the attractiveness of the quid pro quo contract diminished and that could lead to lower tax compliance. Arguing in the same vein, Torgler (2003) said that when public governance quality is down, individuals' tax compliance may be crowded out since government fails to honor his honesty. Examining the relationship between public governance quality and compliance further, Everst-Philips and Sandall (2009) noted that there is linkage between public governance quality and taxation and that quality governance deliver good tax system and equally better tax system make it possible to have good governance. Akpo (2009) equally stated that good governance entails the provision of quality public goods to the public and that where government fails to provide public amenities and infrastructure to the citizen in exchange for tax payment, citizen may become reluctant to pay tax. Alm, et al (1992) also submitted that compliance occurs because people appreciate the political goods that their tax payments finance and that if there is increase in the amount and quality of the political goods going to them from tax payment, their compliance rates may likely increase.

Kaufmann, Kraay & Mastruzzi, (2007) stated that indicators of public governance quality include government effectiveness in provision of quality of public goods, participation in governance through democracy and accountability, political stability, adherence to rule of law and control of corruption. Wallshutzky (1985) revealed that substantial number of respondents made compliance decision in relation to the level of public service provided by the government. Alm, et al (1992) also reported that average compliance is always higher in the presence of the public goods. The same result was found in Alm and Gomez (2008). Torgler (2003) also pointed out that the more the opportunity of participation in political decision making by taxpayers through democratic means, the more relationship between government and taxpayers will be based on trust and this will have influence on the willingness of individual to pay tax. In tax morale study, Alm, and Torgler (2006) showed that US has high tax morale than Austria and Switzerland as a result of its strong direct democratic value.

In their contribution, Joshua and Jinjarik (2005) theorized that greater polarization and political instability in a country would reduce the efficiency of tax collection hence lower compliance level. Damania, Fredriksson and Mani (2004) reported that in political stable country, there is high degree of compliance with regulation. The same result was obtained in Tedds (2007). Torgler and Schneider (2009) also noted that lack of efficient and effective administration of rule of laws may undermine the willingness of the citizens to pay tax. Bergman (2009) revealed that country which has established rule of laws and that become widely accepted as well as embraced as social norm of its people have better compliance than a country without efficient rule of laws. Furthermore, Torgler (2003) argued that combating corruption can help control the problem of tax noncompliance. Uslaner's (2007) study indicated that less corruption will lead to greater tax compliance.

Financial Condition as a Moderator for Public Governance Quality and Tax Compliance

The inconsistency of findings on the relationship between tax compliance and some of its determinants most especially the deterrents factors (Dubin, Grazte &Wilde,1987; Dubin & Wilde,1988), has encouraged suggestion in the literature that the relationship may be moderated by some variables (Kirchler, Muelbacher, Kastlunger &Wahl,2007). There are indications in other behavioral studies that financial condition (requirement) and family obligations moderate the relationship individuals' commitment and performance (Mathieu & Zajac, 1990; Brett, Cron & Slocum, 1995). Empirically, some behavioral studies have shown support for the moderating effects of financial requirement on individual's behavior (Doran, Stone, Brief & George, 1991; Brett et al 1995).Specifically, the finding of Brett and his colleague (1995) provides proof that when financial condition is moderating individual commitment and performance, the relationship between commitment and performance is high vis-à-vis. This implies that financial burden might moderates individual commitment to discharge obligations, including tax payment. The implication of moderating effect of individual financial condition on tax compliance and its determinants may be more obvious in the society where there is high family responsibility and poverty rate as the case in some developing countries including Nigeria (Brett et al 1995). Therefore, financial condition of individual may have positive or negative effect on the relationship between his/her perception quality of public governance and compliance behavior. Torgler (2003) argued that the financial situation of the individual may cause the taxpayer distress particularly when payment is to be made including taxes. Equally, Bloomquist (2003) shows financial strain as one of the sources of taxpayer's stress. As support, the criminal behavior study of Carroll (1989) reported that lack of money motivates individual to search for opportunity for engaging in crime.

Risk Preference as a Moderator for Public Governance Quality and Tax Compliance

Risk preference is one characteristic of individual that influences his behavior, (Sitkin and Pablo,1992). In a complete conceptualization of risk preference, three ranges are possible. These include: risk aversion, risk neutrality and risk seeking. A number of researchers and scholars have suggested that the attitude of taxpayer to risk cannot be underestimated in his/her compliance behavior, (Alm & Torgler,2006; Hite & McGill,1992; Torgler, 2003). Torgler (2007) submitted that individual taxpay-

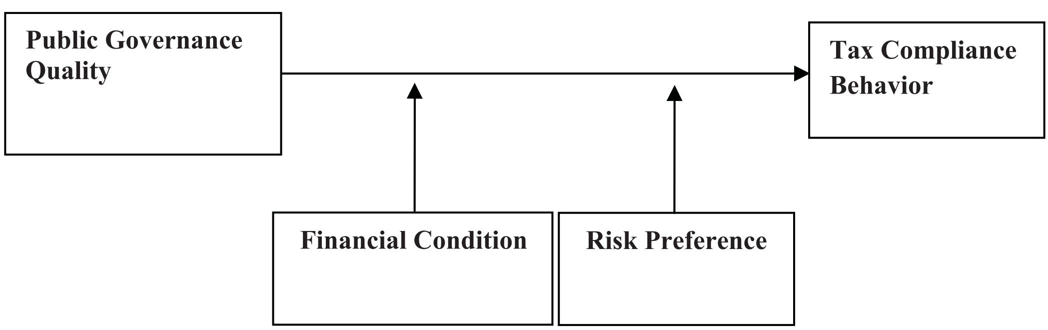

Figure1. The Research Framework of Tax Compliance Behavior

ers' decision could be affected by their attitude toward risk. Individual risk preference is one of the components of several theories relating to decision making including tax compliance theories like expected utility theory, prospect theory etc. The theoretical basis for the moderating role of risk preference in the relationship between tax compliance and public governance quality is found in the prospect theory. The theory indicated that how a situation is framed will determine the outcome of individual risk choice. According to Kahneman and Tversky (1979), individual tends to be inconsistent in their decision making as a result of changing situation. Therefore, when tax compliance and its determinants are predicted to have strong positive relationship it may not be so because of the effect of individual taxpayers' risk preference which varies according to situation and individual to individual.

In the light of the relevant literature and theoretical support provided in the section above, the tax compliance model which only incorporate public governance quality with financial condition and risk preference as moderators is set out in figure 1 below.

Based on the theoretical framework above, we proposed the following hypotheses for validation:

H_1: Perception of taxpayer about quality of public governance has positive relationship with his/her compliance behavior.

$H_{2:}$ Taxpayer's financial condition moderates the relationship between his/ her perception about quality of public governance and tax compliance behavior.

$H_{3:}$ Taxpayer's risk preference moderates the relationship between his/ her perception about quality of public governance and tax compliance behavior.

$H_{4:}$ Financial condition and risk preference jointly moderate the relationship between taxpayer's perception about quality of public governance and tax compliance behavior.

3. Research Design and Methodology Samples and Demographic Characteristics of Samples

The samples of the study were selected in two stages. In the first stage, Abuja[3] city was chosen as the geographical of the study using cluster sampling technique. While in the second stage, individual taxpayers residing in Abuja[4] were selected randomly as respondents of the study and a total of 550 questionnaires were administered to these individuals. At the of the field work, total of 332 of usable questionnaires were retrieved representing approximately 60% response rate or 87% of predetermined sample size of 382.

The demographic information on the respondents as presented in table 1 indicates that about 61% of the respondents were male leaving 39% as female and that the age grouping of majority of the respondents falls between 20 and 40 years (72.2%). Equally, approximately 80% of the respondents had higher education background either as graduates of polytechnic, university or other tertiary institutions. On occupation, the table reveals that about 58% of the respon-

[3] Abuja city is Nigeria capital city and has representation from every spectrum of Nigeria society.

[4] The samples were selected from list of individual taxpayers in Abuja city.

Table 1
Demographic Information of the Taxpayers

Category	Frequency (N=332)	Percentage (Total=100)
Gender		
Male	204	61.3
Female	128	38.6
Age groups		
20 – 30 years	75	22.6
31 – 40 years	148	44.6
41 – 50 years	85	25.6
Above 50 years	24	7.2
Education		
Primary education	7	2.1
Secondary education	58	17.5
Higher education	267	80.4
Occupation		
Professional	141	42.5
Non Professional	191	57.5
Source of income		
Public sector	171	51.5
Private sector	81	24.4
Sole proprietor	80	24.1
Income Level		
Low income	218	65.7
Middle income	83	25.0
High income	31	9.3
Race		
Hausa	113	34.0
Yoruba	72	21.7
Igbo	61	18.4
Minority	86	25.9
Religion		
Islam	96	28.9
Christian	225	67.8
Traditional religion	11	3.3

dents were nonprofessional leaving 42% of the respondents as professional The source of income for a little more than half of the respondents was the public sector and also the average monthly income of about 66% of the respondents was from less than NGN 50,000 to not more than NGN 99,999. Table 1 equally reveals that all the ethnic and religious groups in Nigeria were represented in the study but Hausa (34%) and Christian (67.8%) were more prominence in the study.

Generally, the composition of the respondents to greater extent fairly reflected the characteristic of population distribution of Nigeria (National Bureau of Statistic, 2009).

Operational Definitions and Measurements

Public Governance Quality

Public governance quality is a multi faceted concept which encompasses all aspects of exercising authority through formal and informal institutions in the management of the available resources of a state for the benefit of the people (Huther and Shah, 1999). In the context of this study, public governance quality is defined as provision of political goods of necessary quality by government to the taxpayers efficiently (Rotberg, 2005). Kaufmann et al (2007) Torgler et al (2007), Torgler and Schneidler (2009) indicated that public governance quality is multidimensional construct with five indicators. Following after Marc (2001) and Afrobarometer (2006), the perception of taxpayer on public governance quality was measured by 17 items which cut across the five dimensions (democracy & accountability, political Stability, government effectiveness, rule of law and control of corruption) using 5 point agreed/disagree likert- scale .

Financial Condition

Personal financial condition is a moderating variable and it is defined as the extent to which the taxpayer is satisfy with his financial condition and that of his/her household (Lago-Penas & Lago-Penas, 2009; Torgler,2003). It was measured categorically using options of "dissatisfy" and "satisfy" as was done in (Torgler, 2007) and was re-coded into dichotomous values of (0) and (1) respectively.

Risk Preference

Taxpayer's risk preference is a moderating variable and it is operationally defined as risk- laden opportunities which a taxpayer considers are more desirable than other possible available choices (Atkins, Goldfarb, Kerps, Rogers, Schoolman & vanOpdrop 2005; Guthrine,2003). The study measured the general preference of taxpayer in taking financial risk, social risk, health risk, career risk and safety risk using five items on 5 point agreed/disagree likert-scale as provided in Nicholson, Soane, Fenton-O'Creevy & William, (2005)

Tax Compliance Behavior

Also in the context of this study, tax compliance is operationally considered as complying with tax laws involving true reporting of the tax base; correct computation of the tax liabilities; timely filling of tax returns and timely payment of the amount due as tax (Chatopadhyay & DasGupta 2002; Franzoni,2000). Any behavior by the taxpayer contrarily to the above is noncompliance. Tax compliance behavior was measured with four items covering the four components of tax compliance using hypothetical scenario case as was done in Bobek, (1997), and Chan, Troutman & O'Bryan, (2000). Respondents were asked to indicate (1) the Naira amount of income and deduction they would report on their tax return if they were in similar situation as in scenario case (2) the date they would file their income tax returns if they were in similar situation as in scenario case (3) many days after receiving assessment notice would it take them to pay their income tax if they were in similar situation as in scenario case. The scores of (1), (2) and (3) was assigned to the options under each items of the scenario case and the values are interpreted as somewhat compliance, moderately compliance and full compliance.

4. Results and Discussion

Factor Analysis

In order to check the construct validity of the research instrument, the items of metric latent variables submitted to factor-analysis using principal component analysis with varimax rotation.

Public Governance Quality

The values of Bartllet's Test of Sphericity (.000) and KMO (.879) suggest that the data on Public Governance Quality are suitable for factor analysis. The analysis carried out using varimax finally yielded four factors and these factors account for about 84% of the variance with the lowest and highest factor loading as .761 and .923 respectively. Furthermore, the lowest communality and anti-image correlation coefficient are .588 and .641 respectively. All in all, the result suggests that the criteria are met therefore construct validity is assumed for Public Governance Quality latent variable. The four factors ex-

Table2
Factor Analysis for Public Governance Quality

Factor	Code	Load	Communal	Anti-Image	Total Variance
Factor1					28.26%
Free and fair election in Nigeria	PGQ2	.905	.949	.875	
Fairness in administration of justice	PGQ16	.904	.913	.940	
Trust of the parliament in making good law	PGQ1	.900	.934	.889	
Independence of the judiciary	PGQ15	.891	.912	.917	
Factor2					28.05%
Diversion of public funds due to corruption	PGQ10	.923	.945	.857	
Trust of financial honesty of politicians	PGQ9	.912	.952	.857	
Police effectiveness in combating crime	PGQ17	.894	.905	.934	
Access to govt. annual report and account	PGQ4	.858	.824	.964	
Factor3					15.98%
Satisfaction with quality of education	PGQ8	.864	.754	.640	
Satisfaction with quality infrastructure	PGQ5	.857	.737	.641	
Satisfaction with quality in health service	PGQ7	.761	.588	.759	
Factor4					11.38%
Decline in political authority and stability	PGQ12	.875	.772	.708	
Ethnical and religious conflict and stability	PGQ14	.779	.692	.847	
KMO: .879					Total Variance Explained : 83.67%
Bartlett's Test of Sphericty: Sig 000					

Note: 1. Load= Factor loading, Communal= Communality, Anti-image=Anti-image correlation
2.Items deleted in course of the analysis include PGQ3, PGQ 6, PGQ11 and PGQ13

Table 3
Factor Analysis for Risk Preference

Factor	Code	Load	Communal	Anti-Image	Total Variance
Factor1					72.89%
Financial risk taking	RP1	.888	. 667	.837	
Social risk taking	RP2	.872	.760	.815	
Health risk taking	RP3	.870	.789	.821	
Career risk taking	RP4	.820	.883	.756	
Safety risk taking	RP5	.817	.886	.672	

KMO : .846 Total Variance Explained : 72.89%
Bartlett's Test of Sphericity: Sig : 000

Note: 1. Load= Factor loading, Communal= Communality, Anti-image=Anti-image correlation

tracted from the analysis contained indicators or items to represent each of the five dimensions of Public Governance Quality construct and as a result, the combination of these factors would give fair representation of Public Governance Quality construct. However, this study is concerned with Public Governance Quality scale as whole not each dimension of the construct. The reliability test on the remaining 13 items gave alpha of .877.

Risk Preference

The factor analysis on the items of Risk Preference yielded one factor and it accounts for about of 73% of the variance with eigenvalue of 3.64 (see table 3). The five items of the factor loaded at value above .80 while the lowest value of communality and anti-image correlation coefficient are .667 and .672 respectively. The appropriateness of the data on Risk Preference was also assured

Table 4
Factor Analysis for Tax Compliance Behavior

Factor	Code	Load	Communal	Anti-Image	Total Variance
Factor1					
56.36%					
Income Reporting	TCB1	.833	.504	.810	
Tax Deductions Reporting	TCB2	.793	.426	.788	
Return Filing	TCB3	.710	.629	.695	
Tax Payment	TCB4	.653	.694	.681	

KMO: .726 Total Variance Explained : 56.36%
Bartlett's Test of Sphericty: Sig 000

Note: 1. Load= Factor loading, Communal= Communality, Anti-image=Anti-image correlation with the values of Bartllet's Test of Sphericity (.000) and KMO (.846). These results of analysis also met the criteria of factor analysis and therefore provide evidence of construct validity on Risk Preference. Furthermore, the reliability test on the 5 items gave cronbach alpha .917

Tax Compliance Behavior

With values of Bartllet's Test of Sphericity (.000) and KMO (.726), the factor analysis of the data collected on tax compliance behavior is assumed. The analysis yielded one factor which it accounts for about of 53% of the variance with eigenvalue of 2.25. Item TCB4 has lowest factor loading of .653 while the value of communality and anti -image correlation coefficient are above .426 and .681 respectively. These results met the minimum criteria of factor analysis therefore support construct validity of tax compliance behavior. In addition, the reliability test on the 4 items gave cronbach alpha .740

Descriptive Statistics
Perception about Public Governance Quality

The views of the respondents on the quality of public governance in Nigeria were expressed in items PGQ1 to PGQ17 and the result of the descriptive analysis of the items are presented in table4. Specifically, the result reveals that the perception of the respondents about the quality of democracy and accountability in Nigeria as indicated in item PGQ1, 2&4 was low and this is reflected in the weak mean scores of 1.92, 1.96 and 1.97 respectively. On government effectiveness in the provision of public goods like education, health etc, the perception of the respondents expressed in items PGQ5, 7&8 and majority of the respondents strongly disagreed with the statements in these items that is 57%, 59% and 58% of the respondents respectively. This is indication that the respondents were of the views that government's effectiveness in delivery of public goods was low. Furthermore, the views of the respondents regarding corruption as contained in item PGQ9&10 indicated that 68% of the respondents did not trust the financial honesty of Nigerian politicians while 70% disagreed that there is no diversion of public fund in Nigeria. The mean scores of 2.01 and 1.99 respectively for PGQ9&10 imply that the respondents perceived the control of corruption in Nigeria to be low. Table 5 also shows the views of the respondents on political stability in Nigeria in items PGQ12&14. The mean scores of these items which are below 2 suggesting that the respondents viewed political stability to be low in Nigeria. On the fairness of the rule of law, the views of the respondents were expressed in item PGQ15, 16&17 and all these items have mean scores below 2. Majority of the respondents expressed disagreement in the statements in each of the three items. On the whole, the overall mean score of 2.01 and standard deviation of .73 on public government quality suggested that the respondents perceived the quality of public governance low.

Risk Preference

The preferences of the respondents to take risk were appraised using item RP1to RP5 and the result of the descriptive statistics on

Table 5
Descriptive Statistics for Public Governance Quality

Code	Items	M	Std D	S A/ Agree	Neutral	S D/ Disagree
PGQ1.	I trust the National Assembly in making good laws for Nigeria.	1.92	1.13	32(10)	55(16)	245(74)
PGQ2.	There is free and fair election in Nigeria.	1.96	1.11	31(19)	54(16)	247(75)
PGQ4.	I have access to the published accounts and annual report of Federal Government.	1.97	1.18	38(12)	63(19)	231(69)
PGQ5.	I am not satisfied with quality of general infrastructure in Nigeria.	2.45	1.35	76(22)	68(21)	188(57)
PGQ7.	I am satisfied with the manner the govt. is handling the health service	2.31	1.22	60(18)	77(23)	195(59)
PGQ8.	I am satisfied with the manner the govt. is handling the education system.	2.35	1.32	64(19)	76(23)	192(58)
PGQ9.	I trust the financial honesty of Nigerian politicians.	2.01	1.19	40(12)	66(20)	226(68)
PGQ10.	There is no diversion of public funds due to corruption is common in Nigeria	1.99	1.20	40(12)	59(18)	233(70)
PGQ12.	Political stability is declining in Nigeria	1.97	1.12	31(9)	73(22)	229(69)
PGQ14.	Ethnic and religious conflict is not a threat to stability in Nigeria	1.67	0.90	13(4)	55(17)	264(80)
PGQ15.	Nigeria's Judiciary is free interference of other arms of government	1.85	1.07	26(7)	54(17)	252(76)
PGQ16.	Justice is fairly administered in Nigeria	1.84	1.08	28(8)	48(15)	256(77)
PGQ17.	Nigerian police force is effective in combating crime	1.95	1.17	38(12)	58(18)	236(70)
	Overall	**2.01**	**0.73**			

Note:1. M=Mean ,Std D= Standard Deviation, SA= Strongly Agree, SD= Strongly Disagree 2. Percentage in parenthesis

Table 6
Descriptive Statistics for Risk Preference

Code	Items	M	Std D	S A/ Agree	Neutral	S D/ Disagree
	Indicate the extent to which any of the following have ever applied to you.					
RP1	Health risks (eg smoking, poor diet, high alcohol consumption).	1.81	1.26	37(11)	44(13)	251(76)
RP2	Financial risks (eg gambling, risky investment).	1.95	1.36	49(15)	42(13)	241(72)
RP3.	Career risks (eg quitting a job without another to go to)	1.92	1.32	48(15)	47(14)	237(71)
RP4.	Safety risks (eg fast driving, city cycling without a helmet)	1.96	1.34	52(16)	46(14)	234(70)
RP5.	Social risks (eg standing for election, publicly challenging a rule)	1.96	1.35	53(16)	48(15)	231(69)
	Overall	**1.91**	**1.12**			

Note:1. M=Mean ,Std D= Standard Deviation, SA= Strongly Agree, SD= Strongly Disagree 2. Percentage in parenthesis these items (see table6) indicate that each of the items has mean score below 2. On disagreement scale, majority of the respondents (76%) did not agreed taking health risk of smoking etc (RP1) while at the agreement scale, 16% of respondents agreed to have engaged in social risk. On the whole, the overall mean score of 1.91 and standard deviation of 1.12 suggested that the respondents were risk averse.

Tax Compliance Behavior

The compliance behavior of the respondents towards tax rule and regulations are presented in table 7. The table reveals that about 28% of the respondents complied with tax rule and regulations in declaring their income for tax purpose and this leaves about 76% of the respondents as noncompliant. The same result as in income reporting compliance was obtained on tax claims reporting as only minority (22%) of the respondents were compliant. This result was expected considering the close association between tax income reporting and claims reporting: tax claims normally accompany income reporting. Moreover, the result reflected the fact that most of the respondents (52%) derived their income from salaries whose tax is withheld at point of payment and they did not consider it necessary to report other extract source of income for tax. Table 7 also indicates that about 48% of the respondents fully complied with tax rules regarding return filing while the remaining 52% of the respondents complied with the tax rules regarding to return filing either moderately or somewhat as such were noncompliant. This result is not surprising considering that great number of the respondents were salary earners and had their taxes deducted at point of payment perhaps this might have influenced their behavior . Unexpectedly, the analysis on tax payment compliance indicates that about 40% of the respondents fully complied leaving 60% as noncompliant. This result may reflect the fact that majority of the respondents had their income tax deducted through Pay As You Earn (PAYE) scheme. However, in the overall compliance, only about 11% of the respondents complied with income reporting, tax claims reporting, return filling and tax payment as stipulated by tax rule and regulations; therefore leaving majority of the respondents (89%) as noncompliant. The result indicates that tax noncompliance is great

Table7
Descriptive statistics for Tax Compliance Behavior

Component	M	SD	Noncompliance		Compliance
			Somewhat Compliance	Moderately Compliance	
Income Reporting	2.00	0.74	90(27)	149(45)	93(28)
Tax Claims Reporting	1.86	0.75	120(36)	140(42)	72(22)
Return Filing	2.19	0.85	94(28)	80(24)	158(48)
Tax Payment	2.16	0.78	79(24)	120(36)	133(40)
Overall	2.06	0.59	94(28)	238(61)	36(11)

Note:1) Percentage in parenthesis 2) M= Mean, SD= Standard Deviation problem in Nigeria and this result is closed to the estimate of 91% as non-compliance rate in Nigeria by Asabe (2005).

Moderated Multiple Regression

To test the hypotheses on the direct and moderating relationship among public governance quality, financial condition, risk preference and tax compliance behavior, moderated multiple regression analysis was used following process recommended by Darrow& Kahl (1982) and Hair et al (2010) as supported by Evans (1987). In this case, tax compliance behavior was regressed on public governance quality in the first stage to obtain the main effect while in the second stage; the dependent variable was regressed on independent variable, moderator(s) and the product of the independent variable and moderator(s). Before the multiple regressions, the continuous variables were centered to reduce the effect of multicollinearity as suggested by Aiken &West (1991). The results of the regressions are presented in table 8,9 and10.

Table 8
Result of Multiple Regressions for the Moderating Effect of Financial Condition

Variable	Model1	Model2
PGQ	.326(6.277)*	.432(4.705)*
FinCon		-.401(-7.533)*
PGQX FinCon		.077(.880)
R^2	.242	.244
Adjusted R^2	.238	.237
Change R^2	.242*	.002
F Value	52.558*	35.273*

Note: (1). *p<. .01,** p< .05,*** p< .10 (2) *T* Statistics in parenthesis. (3) PGQ= Public Governance Quality, FinCon= Financial Condition, RP= Risk Preference

Table 9
Result of Multiple Regressions for the Moderating Effect of Risk Preference

Variable	Model1	Model3
PGQ	.326(6.277)*	.318(5.963)*
RP		.086(1.558)
PGQ X RP		-.101(-1.864)***
R^2	.107	.118
Adjusted R^2	.104	.110
Change R^2	.107*	.009***

Note: (1). *p<. .01,** p< .05,*** p< .10 (2) *T* Statistics in parenthesis. (3) PGQ= Public Governance Quality, FinCon= Financial Condition, RP= Risk Preference

In table 8, the result of the main effect and the moderating effect of Financial Condition is presented and in model 1, the result indicates that public governance quality (β = .326; P<.01) is positive significantly related to taxpayers' compliance behavior hence this result support hypothesis H_1 and this result is consistent with submissions of Akpo, (2009), Bird&Zito,(2005), and Everest-Phillip& Sandall (2009). In model 2, financial condition and the product term of public governance quality and financial condition were entered and the regression result reveals that financial condition (β = -.401; P<.01) has negative relationship with tax compliance behavior. The result also indicates that financial condition (β = .077; P>.10) has positive but not significance moderating effect on the relationship between public governance quality and tax compliance behavior as a result fails to support H_2.

Risk preference was included in model 3 as a moderator (while holding financial condition constant) and the regression result shows that the relationship between risk preference and tax compliance behavior (β = -.86; P<.10) is negative but not significant. Furthermore, the result also indicates that risk preference (β = -.101; P<.10) has significant negative moderating effect on relationship between public governance quality and tax compliance behavior, therefore this result support H_3.

Table 10
Result of Multiple Regressions for the Joint Moderating Effect of Financial Condition and Risk Preference

Variable	Model1	Model4
PGQ	.326(6.277)*	.517(9.333)*
FinCon		-.409(-7.375)*
RP		-.038(-.686)
PGQX FinCon X RP		-.036(-.651)
R^2	.107	.246
Adjusted R^2	.104	.237
Change R^2	.107*	.001
F Value	39.361*	26.642*

Note: (1). *p<. .01, **p< .05,*** p< .10 (2) *T* Statistics in parenthesis. (3) PGQ= Public Governance Quality, FinCon= Financial Condition, RP= Risk Preference

Table 10 presents the results of regression on model 4 with financial condition and risk preference as joint moderators and as with other models, public governance quality is still positive related to tax compliance behavior significantly in the model 4(β = .517; P<.01) . The results also indicate that financial condition is negatively related to tax compliance behavior significantly in the model (β = -.409; P<.01) while risk preference also to show negative but not significant relationship with tax compliance behavior (β = -.38; P>.10). Furthermore, table10 also indicates that financial condition and risk preference have insignificant joint positive moderating effect (β = -.36; P>.10) on the relationship between public governance quality and tax compliance behavior hence this study do not support H_4

5. Implications and Conclusion

This study expanded the basic tax compliance model to incorporate public governance quality and moderating effects of financial condition and risk preference. These new variables were carefully chosen to meet the environmental, situational and social reality in some developing countries particularly Nigeria. Indeed, the study has proved the suggestions of Alm (1999) and Jackson & Millron (1986) that other factors outside basic model may influence tax compliance behavior right. In the first place, the study has provided empirical support for the existence of strong positive relationship between public governance quality and taxpayers' compliance behavior and furthermore that taxpayers' risk preference also has significant negative moderating effect on the relationship between public governance quality and tax compliance behavior. Although the moderating effect of financial condition on the relationship between the two variable is positive as expected but not significant. The same insignificant result was equally obtained for joint moderating effect of financial condition and risk preference. These findings have some interested theoretical and policy implications.

In the first place, the findings have proved that environmental, situational , social and cultural factors play important role in influencing tax compliance behavior not only economic factors as assumed in deterrence theory. Public governance quality plays vital role in shaping compliance behavior of individual taxpayers, however the quality of public governance is below expectation in most developing countries including Nigeria (Rotberg& Gisselguist, 2009) hence shrinking level of compliance in these countries. Another distinctive contribution from this study is the transformation of the relationship between public governance quality and tax compliance from positive to negative significantly by the interacting effect of risk preference. This result demonstrates the important moderating role of taxpayer's risk preference in the relationship between public governance quality and tax compliance and this role cannot be underestimated theoretically .Moreover, this provide proof to researchers that it is possible that some other factors may have moderating effects on the relationship between tax compliance and its determinants as suggested in Kirchler et al (2007).

Practically, the present study suggests that improvement in public governance quality in some developing countries including Nigeria is the best strategy of reawakening the culture of tax compliance among individual taxpayers. Furthermore, policy makers may also be concerned with mapping policy to mitigate the negative effect of risk preference on the relationship between public governance quality and tax compliance behavior.

This study has a number of limitations. In the first place, the focus of this study was on individual taxpayers but corporate taxpayers may have different opinion, perception and behavior from the individual taxpayers. In addition, this study relied on self-reported behavior of the taxpayers like most compliance researches. The behavior that taxpayers portray under this method may not be truth representation of their actual behavior (Tanzi & Shome, 1993). However, the study provides some guide for future research into tax compliance behavior. More researches are needed into relationship between public governance quality and tax compliance as well as moderating effect of risk preference on the relationship particularly in developing countries to check the consistency of the results produced by this study on these new compliance determinant and moderator.

References

Afrobarometer. (2005). *Afrobarometer survey.* Ghana: Centre for Democracy and Development.

Akpo, U. (2009). The people as government: The importance of tax payment. *Akwa Ibom State Revenue Summit.* Uyo: Akwa Ibom State Internal Revenue Service.

Aiken, L. S. & West, S. G (1991). *Multiple regression: Testing and interpreting interactions.* London: Sage Publication.

Alabede, J. O. (2001). Improving effeciency of tax administration for effective revenue generation in democratic Nigeria. *SBS national conference.* Damaturu: Federal Polytechnic.

Allingham, M., & Sandmo, A. (1972). Income tax evasion:A theoretical analysis. *Journal of Public Economics* , 1(3-4),323-338.

Alm, J. (1999). Tax compliance and tax administration. In H. W. Bartley, *Handbook on taxation.* New York: Marcel Deker.

Alm, J., Martinez-Vazquez, J., & Schneidler, F. (2003). Sizing the problem of the hard-to-tax. *Andrew Young School of Policy Studies international conference.* Altanta: University of Georgia.

Alm, J., & Gomez, J. L. (2008). Social capital and tax morale in Spain. *Economic Analysis and Policy* , 38 (1), 34-47.

Alm, J., & Torgler, B. (2006). Culture differences and tax morale in United States and Europe. *Journal of Economic Psychology* , 27, 224-246.

Alm, J., McClelland, G. H., & Schulze, W. D. (1992). Why do people pay taxes? *Journal of Public Economic* , 48(1),21-38.

Asabe, D. (2005). *The administration of personal income tax in Nigeria: Some problem areas.* Working paper, University of Jos,Nigeria.

Atkins, J., Goldfarb, R., Kerps, R. E., Rogers, K., Schoolman, P., & van Opdorp, J. (2005). Elicitation and elucidation of risk preferences. *Casualty Actuarial Society Forum* , fall, 1-28.

Becker, G. S. (1968). Crime and punishment: An economic approach. *Journal of Political Economy* , 76 (2),169-217.

Bergman, M. (2009).*Tax evasion and rule of law in Latin America.*Phildelphia: Penn State University Press.

Besancon, M. (2003). *Good governance ranking : the art of measurement.* Cambridge: World Peace Foundation.

Bird, R. M., & Zolt, E. M. (2005). Redistribution via taxation:The limited role of the personal income tax in developing countries. *Journal of Asian Economics* , 16 (1),928-946.

Bloomquist, K. M. (2003). Income inequality and tax evasion: A sysnthesis. *Tax Notes International* , 31(4),347-367.

Bobek, D. D. (1997). *How do individuals judge fairness and what effect does it have on their behavior? (Federal income tax, Theory of planned behavior).* Ann Arbor: UMI.

Brett, J. F., Cron, W. L., & Slocum Jr., J.W. (1995). Economic dependency on work: A moderator of the relationship between organizational commitment and performance. *Academy of Management Journal,* 38 (1), 261-271.

Carroll, J. S. (1989). A cognitive-process analysis of taxpayer compliance. *Symposium on Taxpayer Compliance Research.* Texas: National Academy Sceinces.

Central Bank of Nigeria. (2008). *Annual report and statement of account.* Abuja: Central Bank of Nigeria.

Chaltopadhyay, S., & Das-Gupta, A. (2002). *The personal income tax in India: Compliance cost and compliance behavior of taxpayers.* New Delhi: National Institute of Public Finance and Policy.

Chan, C. W., Troutman, C. S., & O'Bryan, D. (2000). An expanded model of taxpayer compliance: Empirical evidence from USA and Hong kong. *Journal of International Accounting, Auditing and Taxation* , 9(2),83-103.

Chartered Institute of Taxation of Nigeria. (2010, May 7). Why Nigeria's tax system is weak. *Punch* .

Chau, G., & Leung, P. (2009). A critical review of Fischer's tax compliance model:A research systhesis. *Journal of Accounting and Taxation* , 1 (2),34-40.

Cobham, A. (2005). *Tax evasion, tax avoidance and development.* United Kingdom: Finance and Trade Policies Research Centre,University of Oxford.

Damania, R., Fredriksson, P. G., & Mani, M. (2004). The persistence of corruption and regulatory compliance failures: Theory and evidence. *Public Choice*, 121, 33-390.

Darrow, A. & Kahl, D. (1982). A comparison of moderated regression techniques: Considering strength of effects. *Journal of Management*, 8(2),35-47.

Doran, L. I., Stone, V. K., Brief, A. P.,& George, J.M. (1991).Behavioral intention as predictors of job attitude: The role economic choice. *Journal of Applied Psychology,* 76(1), 40-46.

Dubin, J. A., & Wilde, L. L. (1988). An empirical anaysis of federal income tax auditing and compliance. *National Tax Journal* , 41(2),61-74.

Dubin, J. A., Graetz, M. A., & Wilde, L. L. (1987). Are we a nation of tax cheater?: New econometric evidence on tax compliance. *American Economic Review* , 77(2),240-245.

Eshag, E. (1983). *Fiscal and monetary policies and problems in development countries.* Cambridge: Cambridge University Press.

Evans, M. G. (1987). Moderated regression: Legitimate disagreement, confusion and misunderstanding. *Journal of Information and Optimization Science,* 8(3),293-310.

Everest-Phillip, M., & Sandall, R. (2009). *Linking business tax reform with governance: How to measure sucess.* Working paper, Investment Climate Department, World Bank Group.

Feige, E. (1998). *The underground economics:Tax evasion and information distortion.* Cambridge: Cambridge University Press.

Feld, L. P., & Frey, B. S. (2003). Deterrence and tax morale: How tax administration and taxpayers interact. *OECD Papers* , 3(10),1-19.

Franzon, L. (2000). Tax evasion and tax compliance. In B. Bouckaert, & G. DeGeest, *Encyclopedia of Law and Economics* . Cheltenham: Edward Elgar.

Goradnichenko, Y., Martinez-Vazquez, J., & Peter, K. (2009). Myth and reality of flat tax reform:Micro estimates of tax evasion response and welfare effects in Russia. *Andrew Young School of Policy Studies international conference.* Altanta: Georgia State University.

Guthrie, C. C. (2003). Prospect theory, risk preference and the law. *Northwestern University Law Review* , 97, 1115-1163.

Hair Jr., J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis: A global perspective.* New Jersey: Pearson Education, Inc.

Hitte, P. A., & McGill, G. A. (1992). An examination of taxpayer preference for aggressive tax advice. *National Tax Journal* , 45(4), 389-403.

Huther, J., & Shah, A. (1999). *Applying a simple measure of good governance to the debate on fiscal decentralization.* Research working paper, World Bank.

Jackson, B. R., & Millron, V. C. (1986). Tax compliance research: Finding, problem and prospects. *Journal of Accounting Literature* , 5, 125-165.

Joshua, A., & Jinjarik, Y. (2008). The collection efficiency of value added tax: Theory and international evidence. *Journal of International Trade and Economic Development*, 17(3),391-410.

Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica* , 42(1),263-291.

Kaufmann, K., Kraay, A., & Mastruzzi, M. (2007). Governance matters vi:Aggregate and individual governance indicators for 1996-2006. Washington D.C.: World Bank Institute, World Bank.

Kiabel, B. D., & Nwokah, N. G. (2009). Curbing tax evasion and avoidance in personal income tax administration: A study of the south-south states of Nigeria. *European Journal of Economics, Finance and Administrative Sciences* , 15, 16-61.

Kirchler, E. (2007). *The economic psychology of tax behavior.* Cambridge: Cambridge .

Kirchler, E., Muelbacher, S., Kastlunger, B., &Wahl, I. (2007). *Why pay taxes? A review of tax compliance decisions.* Working paper 07-03, Altanta: Georgia State University.

Lago-Penas, I., & Lago-Penas, S. (2008). *The determinants of tax morale in comparative perspectives:Evidence from a multilevel analysis.* Spain: Instituto de Estdios fiscales.

Lassen, D. D. (2003). *Ethnic division and the size of the informal sector.* Working paper, Institute of Economics, University of Copenhagen.

Levi, M. (1988). *Of rule and revenue*. Berkeley: University of California

Press.

Marc, L. (2001). *State capacity survey.* Columbia: University of Columbia.

Mathieu, J. E. &Zajac, D. M. (1990). A review and meta-analysis of the antecedents, correlates and consequences of organization commitment. *Psychology Bulletin,* 108,171-194.

McGee, R. W. (2006). The ethic of tax evasion: A survey of international business academic. *60th International Atlantic Economic Conference.* New York.

Nicholson, N., Soane, E., Fenton-O'Ocreevy, M., & William, P. (2005). Personality and domain-specific risk taking. *Journal of Risk Research* , 8(2),157-176.

Nzotta, S. M. (2007). Tax evasion problems in Nigeria:A critique. *The Nigerian Accountant* , 12(1),40-43.

Odinkonigbo, J. J. (2009). *Rethinking the Nigeria's tax policy toward achieving tax compliance.* Unpublished doctoral thesis, York University,Toronto.

Odusola, A. (2006). *Tax reform in Nigeria.* Research paper, World Institute for Development Economic Research, United Nation University.

Olaofe, E. O. (2008). Overview of tax administration and three tiers of government in Nigeria. *ICAN Students Journal* , 12(2),7-15.

Oluba, M. N. (2008). Justifying resistence to tax payment in Nigeria. *Economic Reflection* , 3(3), 1-5.

Plyle, D. J. (1998). *Tax evasion and black economy.* New York: St Martin Press.

Riahi-Belkaoui, A. (2004). Relationship between tax compliance international and selected determinants of tax morale. *Journal of International of Accounting, Auditing and Taxation* , 13(1),135-143.

Rotberg, R. I. (2005). Strenghtening governance : Ranking countries wuold help. *The washington Quarterly* , 28(1), 71-81.

Rotberg, R. I., & Gisselguist, R. M. (2009). *Strengthening African governance: Index of African governance results and rankings.* Cambridge: World Peace Foundation.

Sandmo, A. (2005). The theory of tax evasion:A retrospective view. *National Tax Journal* , 53(4)643-648.

Sani, A. (2005). Contentious issues in tax administration and policy in Nigeria: A governor's perspective. *First National Retreat on Taxation.* Lagos: Joint Tax Board.

Sitkin, S. B., & Pablo, A. L. (1992). Reconceptualising the determinants of risk behavior. *Academy of Management Review* , 17(1),9-38.

Slemrod, J. (2009). *Old George Or'well got it backward: Some thoughts on behavioral tax economic.* Working paper No2777,CESIFO.

Tanzi, V., & Shome, P. (1993). *A prime on tax evasion.* New York: Working paper,IMF.

Tedds, L. M. (2007). Keeping it off the books: An empirical investigation of firms that engage in tax evasion. *Law and Accounting Conference.* Canada: University of Victoria.

Terkper, S. (2003). Managing small and medium size taxpayers in developing economies. *Tax Note International* , 211-234.

Torgler, B. (2003). *Tax morale: Theory and analysis of tax compliance.* Unpublished doctoral dissertion, University of Zurich,Switzerland.

Torgler, B. (2007). *Tax compliance and tax morale.* Cheltenham: Edward Elgar Publishing Ltd.

Torgler, B., & Schaffner, M. (2007). *Causes and consequences of tax morale: An empirical investigation.* Working paper No 2007-11, CREMA.

Torgler, B., & Schneider, F. (2009). The impact of tax morale and institutional quality on the shadow economy. *Journal of Economy Psychology* , 30,228-245.

Uslaner, E. M. (2007). Tax evasion, corruption and the social contract in transition. *Andrew Young School of Policy Studies.* Altanta: Georgia State University.

Wallshutzky, I. G. (1985). Reforming the Australian income tax system to prevent tax avoidance and evasion. *Economic and Policy* , 15 (2),164-180.

World Bank. (2006). *Governance and anti-corruption*. Retrieved July 28, 2010, from www.worldbank.org/wbi/governance?