A new Applied Psychology study examines the ethical behaviours of small business owners in terms of tax compliance versus avoidance, and how internalised values and external punishment may come into play.

When researchers surveyed 330 owners or part-owners of micro-business in the UK, they found that internalised and extrinsic motivation have distinct predictors. Internalised motivation is related to strong personal moral norms to comply and a sense that the fiscal system is fair. Extrinsic motivation is related to perceptions that penalties are severe, that checks are likely, and is associated with a perceived lack of tax knowledge.

The investigators also found that, when considered together, internalised motivation but not extrinsic motivation predicts self-reported tax compliance. In addition, the presence of extrinsic motivation—although only at very high levels—may crowd out the positive effect of internalised motivation.

Additional Information


About Journal

Applied Psychology: An International Review is the official journal of the International Association of Applied Psychology (IAAP), the oldest worldwide association of scholars and practitioners of the discipline of psychology (founded in 1920).

Applied Psychology: An International Review is a peer-reviewed, truly international outlet for the scholarly dissemination of findings in applied psychology. Articles are encouraged from all areas of applied psychology including, but not limited to, organizational, cross-cultural, educational, health, counseling, and environmental, traffic and sport psychology. Particularly invited are articles that advance understanding of psychological processes across a range of applied phenomena and studies that examine the effects of different national and cultural contexts.

For example, topics appropriate for Applied Psychology include organizational behavior, leadership, cross-cultural psychology, work motivation, psychological assessment and evaluation, performance measurement, training, job attitudes, career development, negotiation and conflict resolution, work stress, organizational design and intervention, consumer behavior, national development, group, environmental, educational, economic, political, developmental, health, sport, and traffic psychology.

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