A Structural Equation Modeling the Role of Social Norms in Tax Compliance: A Study from Turkey

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ABSTRACT: The aim of the research is to examine the indirect and direct effects of social norms, general fairness and procedural fairness on tax compliance intentions in small and medium sized enterprises in the province of Bursa.The study group consists of 320 participants. 87.8% of participants were male and 44.7% participants were graduated secondary school. 64.7% participants were owner. We used Structural Equation Modeling for the data analysis. The results were $X^2/df=1.880$; GFI=0.82; CFI=0.90; RMSEA=0.05; SRMR=0.08. The goodness of fit provided evidence that the hypothesized model was stable. All estimated path coefficients were significant. We found that general fairness directly affects procedural fairness; procedural fairness directly affects subjective norms. Subjective norms, injunctive norms and descriptive norms directly affect personal norms. Only personal norms directly affect compliance intentions.

Keywords: Compliance Intentions, Procedural Fairness,Social Norms, Structural Equation Modeling, Tax Fairness Perception

I. INTRODUCTION

In the last few decades, the numbers of small and medium size enterprises (SMEs) and their share in the economy have remarkably increased in most OECD countries. The share of SMEs in total enterprises is 99%, and they make an important contribution to employment. Despite becoming more important, small enterprises in particular are seen among the most risky groups in terms of tax compliance. For example, about 60 percent of the estimated tax loss in Sweden is reported to have resulted from micro-size enterprises and SMEs (OECD, 2012: 4). Therefore, the tax compliance of small size enterprises has a big impact on the tax revenues of countries that help realize their economic, social, and fiscal goals. Although the tax compliance of small size enterprises is of such importance, there are quite a few studies on this subject when compared to the ones on individual tax compliance (Abdul-Jabbar and Pope, 2009; Kamleitner, 2012).

This study deals with the factors affecting tax compliance of small size enterprises focusing on the social norms and the perception of general and procedural tax fairness.

II. LITERATURE REVIEW AND HYPOTHESES

2.1. Tax Compliance

Although there are several different definitions of tax compliance in the literature, the most commonly accepted definition refers to the declaration of all revenues in compliance with tax laws, regulations, and tax resolutions while filing the tax return and the payment of full tax liability on time (Alm, 1991: 545). Tax non-compliance can be defined as the unwillingness to act in accordance with the tax laws and administrative regulations while filing the tax return (Saad, 2012: 345). Tax non-compliance may result from deliberate and/or accidental miscalculations, misunderstanding tax laws, misinformation or similar reasons (Kasipilai et al., 2003: 135).

It is quite important for tax administrations to know the reasons why taxpayers do not report their income accurately or pay all the tax liability.Research on tax compliance started with the works of Allingham, Sandoma, and Srinivasan. Their studies also called as the expected benefit model, deterrence model are based on the approach of "rational individual". According to this model, taxpayers will decide whether to evade tax or not by keeping a rational balance between the possibility of being caught, average penalties and the level of risk avoidance. The two most important factors in the analysis of deterrence are audit probabilities of tax evasion and the severity of sanctions (Werboon&Dicke, 2007: 706). Nevertheless, what is concluded from the studies on the impact of deterrence on tax compliance carried out by the OECD (2010) and Kirchler (2007) is that these two factors, the audit probability and the severity of sanctions, have a very little impact on tax compliance. As a matter of fact, if deterrence were a significant variable in explaining the compliance behavior, a low level of tax compliance would be expected in most countries with a low level of deterrence. When this is taken into consideration, tax compliance behavior cannot be explained with only deterrence. There are also such factors as social norms and tax fairness affecting tax compliance.

2.2. Social Norms and Their Impacts on Tax Compliance

There is a growing interest in social sciences including sociology, law, political sciences, and economics, in particular, in the concept of social norms (Tatsuya et al., 2005: 331). The importance of social norms stems from the fact that they are informal rules showing which attitudes are accepted as right or wrong, appropriate or inappropriate. Fehr and Gachter (2000) define social norms as behavioral regularity that is based on a socially shared belief and argue that they are the driving force behind the attitudes adopted by individuals due to the informal social sanctions (Nabaweesi, 2006: 12). In other words, social norms are the socially defined code of conducts that are based on common values and supported by the system of social sanctions defined as social penalties.

In general, social norms lead the behavior of individuals depending on how much they categorize or identify themselves within a social group or community (Christensen et al., 2003: 1295). By this way, individuals internalize the social norms and turn them into behavior standard. The internalization of social norms will cause individuals to have such moral feelings like guilt, embarrassment or loss of reputation when they do not comply with these norms (Wenzel, 2007: 33).

A sociological approach assumes that human behavior is determined mostly by social norms. In this regard, social norms also determine individuals' attitudes towards tax. As a matter of fact, the findings of studies carried out in Spain, Sweden, England, and America by Juan et al. (1994), Vogel (1974), Levis (1979), Yankolovich, Skelly, and White Inc (1984) respectively show that the differences between countries and geographical regions that have almost the same systems of tax and intervention in terms of tax compliance result from social norms (Davis et al, 2003: 40).

The studies carried out in previous years either dealt with external factors like the loss of social reputation or only focused on one or two social norms. Only the studies by Bobek et al. (2007) and Bobek et al. (2013) examined the impact of every single social norm type on tax compliance. According to the literature on social psychology, social norms are made up of four different types of norms: (1) descriptive norms, (2) injunctive norms, (3) subjective norms, and (4) personal norms. Different types of norms have different effects on tax compliance behavior. Thus, while studying how social norms affect tax compliance, it is quite important to analyze which norm type will affect tax compliance behavior under which conditions (Onu&Oats, 2006: 8). Each group of norms and their effects on tax compliance are presented below.

Descriptive norms: The standards that develop out of observation of others' actual behavior in given situations (Bobek et al. 2007:4). Actually, individuals need to observe how others behave in order to make the right decision when they are in a new and uncertain situation. Descriptive norms inform individuals of what kind of behavior is appropriate and the most effective in a given situation and help them act accordingly. It gives the message that "it is the right thing to do" when most people adopt that behavior (Cialdini, 2007: 264). When it is considered in terms of tax, taxpayers will be less willing to evade tax if they believe that tax evasion is limited and that a great majority of taxpayers comply with tax (Walsh, 2012: 455). Consistent with this view, the study by Hallsworth et al. (2014) dealing with the effects of different interventions on timely tax payment in England revealed that descriptive norms had a stronger effect on increasing the tax payment rates (Luttmer and Singhal, 2014: 160). In this regard, descriptive norms will also affect tax compliance as they reveal the current situation. Based on this, descriptive norms of tax compliance are expected to have a positive impact on tax compliance intentions.

Injunctive Norms: The perceptions of the attitudes that most individuals in a society may approve or disapprove of. Injunctive norms refer to what is required to be done and reveal the moral values of a group. Compliance with injunctive norms results from the desire to develop and maintain social relations and also win social prizes. Many researches including the ones on tax have revealed that injunctive norms have an important effect on compliance behavior (Cialdini, 2007: 64). Actually, the work of Bobek et al. (2007) focusing on the social norms of tax compliance in Austria, Singapore, and the U.S.A. showed that injunctive norms had an impact on tax compliance. Given that, injunctive norms of tax compliance are expected to have a positive influence on tax compliance intentions.

Subjective norms: The norms referring to the perceptions of an individual about how his/her referent individual or group thinks she/he should behave (Bobek et al. 2007: 52). In other words, subjective norms reflect an individual's perception of whether his/her specific behavior is to be approved or not by the people important to him/her (Bobek&Hatfield, 2003: 18). Since subjective norms only reflect the behavior approved by the individuals close to the individual, they are a specific type of injunctive norms reflecting the behavior approved by the whole society. In addition, they have a stronger impact on behavior as they show the norms of people close the individual. Individuals will make their decisions about tax compliance or evasion considering whether they will be approved by the people close to them or not (Jimenez, 2013: 13). Despite having such importance, subjective norms are one of the norm types that have drawn the least attention regarding tax compliance. When the theory of planned behavior was applied to tax compliance, the impacts of subjective norms on tax compliance drew the attention of researchers (Onu&Oats, 2014: 6). Richards and Sawyer (2011),

Hanno and Violette (1996), Bobek et al. (2007), Benk, et al. (2011) found a positive relation between subjective norms and tax compliance. Given these findings, subjective norms of tax compliance are expected to have a positive impact on tax compliance intentions.

Personal norms: Regarded as the basic variable by psychological models aiming to determine and define behavior, they reflect individuals' moral/ethical standards and beliefs about behavior (Wenzel, 2004a: 551). Personal norms can be defined as the deep-rooted beliefs of individuals about what is right or wrong to do. According to a different definition in this regard, personal norms are the beliefs or moral/ethical standards of individuals about the attitudes that they believe are right to have in a given situation and stem from the internalized values (Bobek et al., 2007: 52). Personal norms develop when descriptive, injunctive, and more importantly subjective norms are internalized (Çevik, 2012: 269).

If the personal norms and values of an individual are in compliance with tax laws, they will be willing to voluntarily comply with tax laws. The findings of the researches show that there is a significant relation between personal norms and tax compliance and that these norms have such an important impact on voluntary tax compliance within a society. For instance, Murphy (2007), OECD (2010), Feld and Frey (2007), Wenzel (2004a; 2004b) examined the relations between personal norms and tax compliance and found out that personal norms were quite important in shaping individual behavior and personal norms and tax compliance were interrelated as tax compliance was also a kind of behavior. Taking the findings into consideration, personal norms of tax compliance are expected to have a positive impact on tax compliance intentions whereas descriptive, injunctive, and subjective norms are thought to have an indirect impact on tax compliance intentionsthrough personal norms.

2.3. The Impact of the Perception of Tax Fairness on Tax Compliance

The perception of fairness in taxation is important in increasing tax income, decreasing administrative cost of taxation, developing confidence between tax administrations and taxpayers and legitimizing tax decisions. It is quite difficult to define the perception of fairness in taxation, though. According to Christensen et al. (1994), this difficulty results from the following factors: (1) Tax fairness is multidimensional; (2) The concept of tax fairness can be dealt at both social and individual level; (3)Tax fairness and tax complexity are inseparable and (4) Lack of tax fairness can be perceived as a justification for a cause for noncompliance.

Researchers have had to examine the perception of fairness in taxation in different aspects because it is a multidimensional concept. Gerbing (1988) carried out a study to identify different dimensions of the perception of tax fairness and found the following five dimensions: (1) General fairness and the distribution of tax burden; (2) Exchange with government; (3) Attitudes towards taxes of the wealthy; (4) Progressive versus flat tax rate; (5) Self-interest. According to Jack and Millirion (1986), the perception of tax fairness has at least two dimensions. They argue that the first one is the benefits gained in return for the tax payment or the fairness in exchange with government. The second one is the equity of taxpayers' burden when compared to other individuals' tax burden. In other words, taxpayers with a similar ability to pay should be imposed the same tax liability while those with a different ability to pay should be imposed differently. Based on the prior studies, the perception of tax fairness can be examined in two aspects: distributive fairness and procedural fairness.

Distributive Fairness: It refers to a fair distribution of resources, benefits and cost. It is important to find out what a taxpayer thinks when his/her tax burden is compared to others' tax burden besides the comparison between benefit and contribution. Distributive fairness can be classified according to three groups: horizontal fairness, vertical fairness, and exchange with government/exchange fairness. Horizontal fairness concerns the fair distribution of benefits and cost among the individuals of the same group whereas vertical fairness relates to a fair distribution of benefits and cost among the individuals who are not equal to each other. Similarly, exchange fairness concerns the fairness between the benefits gained from the public goods and services provided by the government and the tax burden imposed on taxpayers (Geberegbe et al., 2015: 2). How taxes are distributed among public services like health and education also has an impact on the taxpayers' perception of fairness (Kazemi, 2009: 148).

Most studies have revealed that the taxpayers' perception of distributive fairness has an effect on tax compliance. When taxpayers realize that there is a link between the taxes they pay and the public goods they demand, they tend to have more tax compliance. The more benefits taxpayers get from tax payment, the higher tax compliance they have (Alm et al.,1992a; Alm et al.,1992b). As mentioned above, one of the most important indicatives of tax compliance is personal norms. If individuals have strong personal norms of tax compliance, their compliance will be higher. In this case, they will not evade tax even if they think that the tax system is not fair. If they have weak personal norms of tax compliance, they will evade tax even if they find the tax system fair. Therefore, it can be argued that personal norms have a positive impact on the perception of tax distributive fairness. Taking this into consideration, it is expected that the perceptions of distributive fairness will positively affect tax compliance intentions, and personal norms will affect the perception of distributive fairness.

Procedural Fairness: It concerns the fairness of allocation process and is also called fairness of implementation, method and procedure. The perceptions of procedural fairness are influenced by non-

transparent and complex tax laws, effective information service, and professional and respectful attitudes of auditing staff (Verboon&Goslinga, 2009: 137).According to procedural fairness, the most important elements of the perception of tax justice are objectivity, respectful treatment of taxpayers, and accurate and reliable information (Leonarda, 2011: 57-58). In addition to affecting the acceptance of the decisions taken by tax administration, procedural fairness also develops confidence between tax administrations and taxpayers (Braithwaite, 2003; Alm and Martinez–Vazquez, 2007). Feld and Frey (2002) carried out an experimental study in Sweden and reached some findings suggesting that the active tax compliance of taxpayers increased when tax administrations had reliable attitudes towards taxpayers. Taking this into consideration, procedural fairness is expected to influence tax compliance positively. Also, the perceptions of distributive fairness are thought to have a positive effect on procedural fairness.

In the light of the studies reviewed, the purpose of this study is to analyze the direct and indirect effects of social norms, perceptions of general fairness and procedural fairness on tax compliance by conducting a survey in small and medium size enterprises in Bursa.

III.   METARIALS AND METHODS

3.1. Data

Data was collected from small and medium sized businesses in the province of Bursa. Small and medium-sized businesses were discussed with the 1st and 2nd degree responsible. The final result was 320 useable responses. Simple random sampling method was used. Face to face interviews were made.

3.2. Instruments

Four constructs were measured in this study. These are tax compliance intentions, tax fairness perception, procedural fairness and social norms.

Social norms have four subgroups; injunctive norms, descriptive norms, subjective norms and personal norms. The four different social norms constructs identified by Cialdini and Trost (Bobek et al., 2013). The scale to measure the injunctive norms has six items, descriptive norms has five items, subjective norms has five items and personal norms has six items. These scales developed by Bobek et al. (2007), Blanthorne and Kaplan (2008). For this study, questions adopted from Bobek et al. (2007) and Jimenez (2013). Items were measured on a 5 point likert scale. High scores indicate that higher injunctive, descriptive, subjective or personal norms. In this study we found the reliability coefficient of injunctive norms was 0.75, descriptive norms was 0.73, subjective norms was 0.83, personal norms was 0.80 (Cronbach's alpha).

Measure the tax compliance intentions used a tax scenario. Tax scenario's questions adopted several studies that Bobek (2007), Smart (2012), Jimenez (2013), Gillian and Richardson (2005). Tax compliance intentions were measured with 11 questions. High scores indicate that higher tax compliance intentions. Five-item scale was used. Scale was considered to have sufficient validity. Cronbach alpha's coefficient was 0.90.

Tax fairness perception scale developed by Gerbing (1988). This questionnaire has five dimensions; general fairness, exchange with the government, attitude towards taxes of the wealthy, progressive versus flat tax rate and self-interest. Christensen et al. (1994) found same dimensions in their study similar to Gerbing (1998). Richardson (2006) and Giligan&Richardson (2005) used same instrument that developed by Gerbing in their study (Azmi&Perumal, 2008: 12). Topal (2012) used same instrument with add questions in his study. Benk et al. (2012) found six dimensions in their study on Turkey sample. In this study, dimension of general fairness modified version was used. It has six items. Items are rated on 5-point scale. High scores indicate that higher general fairness. We found the internal consistency reliability (Cronbach's alpha) of this scale to be 0.89.

Procedural fairness measure was based on previous research conducted by Wenzel (2002), Murphy (2004), Saad (2009), Smart (2012) and Farrar (2011). They investigated the procedural fairness. Their studies' questions were adopted for this study. Procedural fairness has five items, which are rated on a 5-point scale. High scores indicate that higher procedural fairness. In this study we found the reliability coefficient of procedural fairness was 0.88.

Table 1. Means (M), Standard Deviations (SD) and Cronbach α values(n=320)

Scales	Subscales	Item	Mean	S.D	C. Alpha
Social Norms	Personal Norms	6	25.50	2.88	0.80
	Injunctive Norms	4	16.45	1.83	0.75
	Descriptive Norms	5	17.69	1.96	0.73
	Subjective Norms	6	20.18	4.29	0.83
Tax Fairness Perception	General Fairness	6	14.65	4.99	0.89
Procedural Fairness	Procedural Fairness	5	15.30	4.90	0.88
Compliance Intentions	Compliance Intentions	11	45.63	6.24	0.90

Cronbach α values were calculated to assess the internal consistency of the scale, and they were between 0.73 - 0.90. These values revealed high internal consistency of the scales.

3.3. Data Analyses

Structural equation modeling (SEM) was performed. SEM specifies the direct and indirect effects among latent variables and is used to describe the amount of explained variance for each variable. The model parameters were estimated by using maximum likelihood. SEM was used to show the effects of general fairness, procedural fairness and social norms (personal, descriptive, injunctive, and subjective) on compliance intentions. Figure 1 illustrates the conceptual model.
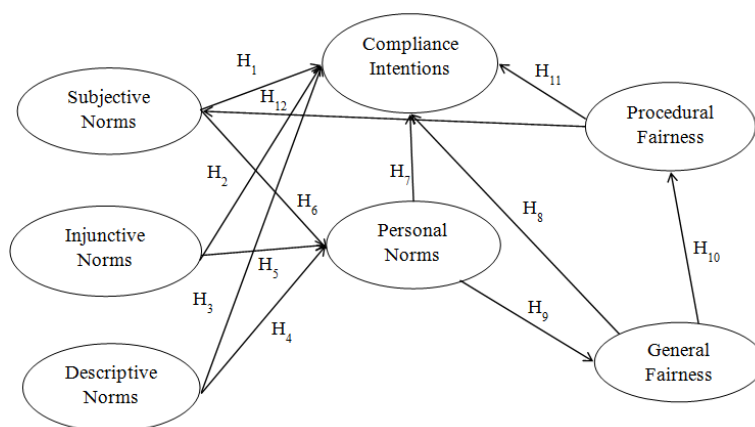

Figure1. Conceptual model

In SEM, a single-headed arrow is used to represent a hypothesized structural direct relationship between the two variables. This shows the cause and effect relationship. Each hypothesized relationship uses one degree of freedom. The model can be recursive or non-recursive. In conceptual model, we have twelve hypothesized to test with the data.

The adequacy of the model was assessed by (1) The absolute fit, χ^2/df measure which should be between 2 and 5 for an adequate fit; (2) Goodness-of-Fit Index (GFI), which shows the amount of variances and covariance explained by the model and should be greater than 0.90 for an adequate fit of the model; (3) Comparative Fit Index (CFI), which should be also greater than 0.90 for an adequate fitness; (4) Root Mean Square Error of Approximation (RMSEA), which should be below 0.10 for an adequate fitness; and (5) Standardized Root Mean Square Residual (SRMR), which should be below 0.10 for an adequate fitness. For statistical analysis, we used SPSS for Windows version 18.0 and AMOS 18.0 programs.

IV. FINDINGS

Our study group consisted of 320 participants, of which 87.8% were male. The mean age was 37.54±10.77 (mean±SD) years and the range was 18-65 years. 44.7% participants were graduated secondary school. 64.7% participants were owner. Table 2 shows the distribution of the participants by demographic characteristics.

Table 2. Demographics of the participants

Variables	N	%
Gender		
Female	39	12.2
Male	281	87.8
Education		
Primary	47	14.7
Secondary	143	44.7
High school	40	12.5
University	61	19.1
Master	8	2.5
Other	21	6.6
Positions		
Owner	207	64.7
Manager	58	18.1
Other	55	17.2
The range of income stated (last year)		
Under 11.000	125	39.1
11.001 - 27.000	80	25.0
27.001 - 60.000	55	17.2
60.001 – 97.000	17	5.3
Over 97.001	37	13.4

Figure 2 shows the structural equation model for Compliance Intentions. Covariations between the error terms were allowed in this model. However, these are not shown in the figure, and as mentioned before arrows indicate hypothesized paths. The path coefficients are the standardized estimates of direct effects, which are interpreted as standardized regression coefficients.
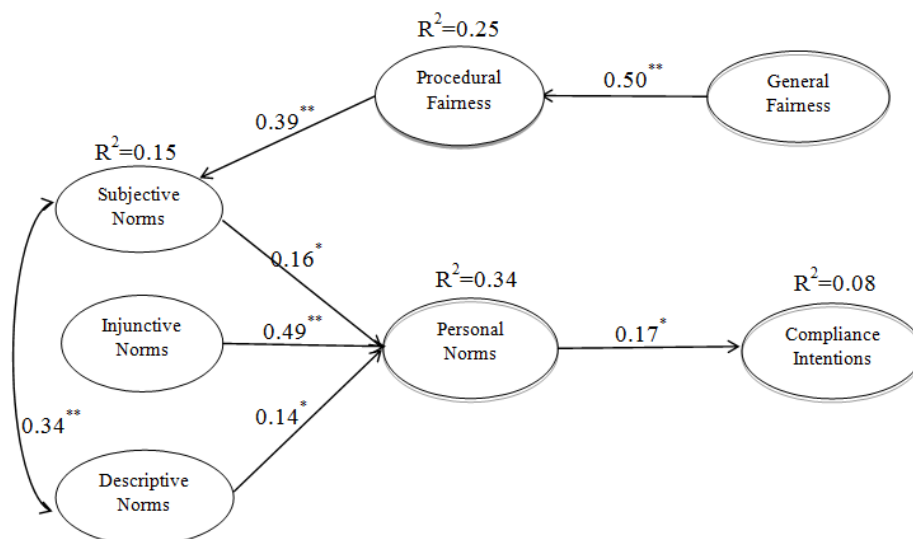

Figure 2. The structural equation model (*p<0.05; **p<0.01)

The results were X^2/df=1.880; GFI=0.82; CFI=0.90; RMSEA=0.05; SRMR=0.08. As mentioned before, the absolute fit, X^2/df measure was 1.880. X^2/df for this model is excellent fit. The GFI was 0.82. A good model fit is indicated by a GFI close to 0.90, and this model does not meet this criteria. The CFI was 0.90. CFI for this model is acceptable. The RMSEA was 0.05. The RMSEA for this model is excellent. The SRMR was 0.08. The SRMR for this model is acceptable. In summary, the goodness of fit provided evidence that the hypothesized model was stable. The best fitting solution is illustrated in Figure 2. All estimated path coefficients were meaningful and statistically significant.

As it is seen in Figure 2, general fairness directly affects procedural fairness. At the same time, procedural fairness directly affects subjective norms. Subjective norms, injunctive norms and descriptive norms directly affect personal norms. Only personal norms directly affect compliance intentions. On the other word, general fairness, procedural fairness, subjective norms, injunctive norms and descriptive norms indirectly effected on compliance intentions.

The R^2 values showed the squared multiple correlation coefficients for structural equations. The highest R^2 value was obtained for personal norms (0.34). Thirty-four percent of the variance in descriptive norms was accounted for by the direct effect of subjective, injunctive and descriptive norms, indirect effect of general fairness, procedural fairness mediated through subjective norm. Twenty-five percent of the variance procedural fairness was explained by the direct effect of general fairness. 15% of the variance in subjective norms was explained by the direct effect of procedural fairness and indirect effect of general fairness. On the other word, procedural fairness plays a mediating role for general fairness on subjective norms. The lowest R^2 value was obtained for compliance intentions (0.08). In summary, personal norms plays a mediating role for subjective, injunctive and descriptive norms on compliance intentions.

Table 3. Results for Hypothesized

Path (Hypothesis)	Support
Subjective Norms → Compliance İntentions (H1)	No
Injunctive Norms → Compliance İntentions (H2)	No
Descriptive Norms → Compliance İntentions (H3)	No
Descriptive Norms → Personal Norms (H4)	Yes
Injunctive Norms → Personal Norms (H5)	Yes
Subjective Norms → Personal Norms (H6)	Yes
Personal Norms → Compliance İntentions (H7)	Yes
General Fairness→ Compliance İntentions (H8)	No
Personal Norms → General Fairness (H9)	No
General Fairness → Procedural Fairness (H10)	Yes
Procedural Fairness → Compliance İntentions (H11)	No
Procedural Fairness → Subjective Norms (H12)	Yes

We found positive correlation (r=0.34; p<.05) between injunctive norms and descriptive norms. The path from descriptive norms to personal norms is statistically significant. The descriptive norms (β=0.14; p<.05) had a strong positive effect on personal norms. Thus, Hypothesis 4 is supported. The path from injunctive norms to personal norms is statistically significant. The injunctive norms (β=0.49; p<.05) had a strong positive effect on personal norms. Thus, Hypothesis 5 is supported. Similarly, the path from subjective norms to personal norms is statistically significant. The subjective norms (β=0.16; p<.05) had a strong positive effect on personal norms. Thus, Hypothesis 6 is supported. The general fairness (β=0.50; p<.05) had a strong positive effect on procedural fairness (H10). The procedural fairness (β=0.39; p<.05) had a strong positive effect on subjective norms (H12). Finally, personal norms(β=0.17; p<.05) had a strong positive effect on compliance intentions (H7).

V. DISCUSSION AND CONCLUSION

In this study, the intent was to assess the effects of general fairness, procedural fairness and social norms (personal, descriptive, injunctive, and subjective) on compliance intentions using SEM. It was found that personal norms had a positive effect on compliance intentions.Our analysis indicated that only personal norms directly affected taxpayers' compliance intentions. Similarly, Jimenez (2013) has found same results. Bobek et al. (2013) have found subjective and personal norms directly affected taxpayers' compliance intentions in their study.

We found that subjective, injunctive and descriptive norms were related to personal norms. They did not have a direct effect on tax compliance intentions. Similarly, Jimenez (2013) has found same results. Bobek et al. (2013) have found descriptive norms were not related to personal norms. Our results also show that the general fairness had a strong positive effect on procedural fairness. At the same time, we found that the procedural fairness had a strong positive effect on subjective norms.

In their study, Verboon and Goslinga (2009) examined the relations between procedural fairness and personal norms and tax compliance intentions and procedural justice by carrying out a correlation analysis, and they found correlation coefficients as 0.05 and 0.00. Likewise, Murphy (2007) dealt with tax compliance, procedural justice and personal norms. He found a negative, quite low and insignificant correlation coefficient between procedural justice and personal norms. While there is not a direct relation between procedural fairness and personal norms in this study, an indirect relation has been observed between procedural fairness and personal norms through subjective norms.

Faizal and Palil (2015) investigated the relation between procedural justice and tax compliance behavior by carrying out a regression analysis and found a positive relation between the two. In this study, the relation is similarly positive, and it occurs through subjective norms and personal norms. Likewise, Smart (2012) used a structural equity model in her study and found a positive and significant relation between social norms and tax compliance intentions but an indirect relation between procedural justice and tax compliance intentions (through the variable called non-legal sanction).

Fadjar and Siahaan (2012) used the variables of tax fairness, communications, and trust to explain voluntary tax compliance with the help of the regression analysis. They found that tax fairness had a positive effect on voluntary compliance and was a significant variable to explain voluntary compliance.

Saad (2011) examined some relations by setting a structural model in his study and found a positive and significant relation between subjective norms and the intentions to comply. In the same study, a negative and insignificant relation was found between the perception of tax fairness and the intentions to comply. A significant relation was not found between general tax fairness and subjective norms. In our study, an indirect positive relation has been found between subjective norms and compliance intentions. A positive and significant relation is observed between general fairness and subjective norms through procedural fairness. In conclusion, the findings of the survey and our suggestions are as follows.

One of the most important findings of this study is that social norms, particularly personal norms in have a big impact on tax compliance intentions. However, it takes time for personal norms to change as they develop when social norms are internalized. Tax evaders generally act so with the idea that other taxpayers evade more than they do (Kitapçı, 2013: 76). Given that, it is important to organize some campaigns about social norms on both written and visual media and cooperate with other institutions to publicize the idea that paying taxes is socially approved moral behavior.

Another finding of this study is that neither the perception of general fairness nor procedural justice regarding tax has an impact on tax compliance intentions. Tax administrations should develop some new strategies to change this perception. If they do so, they will help taxpayers have more confidence in tax administrations and comply more with the tax rules set by the administrations.

The survey was carried out only with the SMEs in Bursa, which is one of the most important limitations of this study. It can be improved by including the SMEs in other provinces in Turkey and also the ones in other countries. It is also important to manipulate the social norms and communicate the manipulated norms to the taxpayers and then carry out the survey accordingly again.

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