



The role of moral emotions in responses to tax scandals

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1. RESEARCH MOTIVATION

The years following the financial crisis of 2008 have seen a number of public scandals, in the UK and elsewhere, sparked by the perception that some multinational companies are not paying a 'fair share' of corporation tax. Campaigners against such corporate behaviour have proposed that bringing such tax practices to light will drive consumers to switch away from these companies. The argument is that the resulting revenue loss will incentivise companies to pay their 'fair share' of tax. In order to understand the array of public reactions to such accusations of corporate wrongdoing in relation to tax contributions, this project looked at the role of moral psychology, and of moral emotions in particular, in tax avoidance scandals.

2. THEORETICAL BACKGROUND

A significant body of research spanning fields of law, marketing, business ethics, sociology, politics, and others, has been concerned with public perceptions of corporate wrongdoing and anti-brand activism. Although much of this literature is concerned with issues of fairness and morality, it is only recently that researchers have begun to incorporate insights from moral psychology, and in particular on the role of moral emotions, in analyses of consumer responses to corporate wrongdoing (e.g., Antonetti, 2016; Antonetti & Maklan, 2016a, 2016b; Romani, Grappi, & Bagozzi, 2013). The present research is grounded in the theory of moral emotions and investigates responses towards entities (corporations or individuals) accused of tax avoidance.

The other-focused moral emotions

In order to investigate emotional responses in situations of corporate/individual wrongdoing, we focus on the moral emotions felt towards those who are perceived of transgressing moral norms (such as the norm of fair contribution). Three distinct moral emotions towards others are documented in the psychological literature: moral anger, moral disgust, and moral contempt (Haidt, 2003; Tangney, Stuewig, & Mashek, 2007). These three emotions are thought to differ in both the situations which precede them and the actions associated with them (Hutcherson, 2011). Individuals are more likely to feel moral anger when the transgression is personally relevant to them, but will feel moral disgust when the transgression is not personally relevant. Moral anger is associated with a tendency to seek justice, and if reparations are made, the target of the emotion may be forgiven. Disgust, on the other hand, is associated with a tendency to distance oneself from the target of the emotion, and it is less likely that apologies/reparations are sought or accepted. Contempt, on the other hand, is felt towards targets that are perceived as less competent or worthless and will lead individuals to ignore the target of contempt (see Hutcherson, 2011). Moral disgust in particular has been shown to be related to more severe moral judgements (Chapman & Anderson, 2013) and to decreased cooperation intentions (Polman & Kim, 2013). Given that these distinct emotions are associated with specific actions, in practice it is valuable to understand which emotions are felt in particular situations in order to predict the likely actions of individuals feeling these emotions.

Moral emotions and corporate wrong-doing

In recent years, a number of studies have applied insights on moral emotions to anti-corporate actions, in order to understand activism against certain brands. For example, Antonetti (2016) looked at the role of moral emotions (in particular, moral anger) in stakeholder behaviour, with the stated aim of informing the way corporate actors are able to manage public reactions. Romani et al. (2013)

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looked at the distinct effects of moral anger and contempt on anti-brand activism. They found that anger was associated with 'constructive punitive actions' against the company accused of wrongdoing (e.g., petition the company to change its behaviour), while contempt was associated with 'destructive punitive actions' (e.g., denigrate the company) and disengagement. The authors argued that moral anger facilitates individuals' engagement with companies accused of wrongdoing. In the current research, we apply the moral emotions framework specifically to tax avoidance settings, in order to investigate the actions associated with the three moral emotions: anger, disgust, and contempt.

Corporate versus individual wrongdoing

In order to integrate insights from moral psychology with corporate behaviour research, it is also important to understand the extent to which theoretical insights from interpersonal emotions are equivalent to emotions towards corporate actors. Past research suggests that while people can think of corporations as moral actors in similar ways to individuals (Plitt, Savjani, & Eagleman, 2015), corporations are also sometimes judged more harshly than individuals (Hans & Ermann, 1989; MacCoun, 1996) and responses can differ significantly across different types of corporations (Mentovich, Huq, & Cerf, 2016; Rebeck, 2012) and types of sanctions (Haran, Teichman, & Feldman, 2016). Therefore, in this research we will also compare responses to corporations versus individuals.

3. STUDY ONE

The first step of the research project was to explore the extent to which moral emotions are indeed manifested by individuals in response to tax avoidance scandals. In order to explore this question, we conducted a focused thematic analysis of two pre-existing datasets. The first dataset was a collection of conversations on online forums of business owners and self-employed professionals in the UK (see (Onu & Oats, 2016). The second dataset were transcripts of focus-groups and interviews conducted with taxpayers, tax inspectors, and tax advisors in Austria.

The analysis focused on discussions about accused tax avoiders (companies and individuals) and on any emotions reported in relation to them. This brief analysis identified the three other-focused moral emotion present in both datasets. Individuals expressed moral anger (e.g. 'people are right to be angry about tax avoidance'), moral disgust (e.g., 'the double standards and hypocrisy of it make me sick'), and moral contempt (e.g., 'disdain for aggressive tax avoidance'). This initial analysis highlighted the fact that emotions are indeed manifested by individuals in relation to tax avoidance, and that all the three emotions are present.

4. STUDY TWO

4.1. Overview, sample, and method

In the second study, we attempted to experimentally induce the three emotions (anger, contempt, disgust), in order to understand their effect on the actions individuals might take in relation to transgressors.

Sample

88 participants (students of various disciplines) took part in the study for a small fixed reward of £5. The sample comprised of 62.5% female subjects, with an average (mean) age of 20.14 with a standard deviation of 2.75.

Manipulation of emotions – ANGER, DISGUST, CONTEMPT

Participants were asked to read and rate the actions of a person they are observing in five different scenarios. These items were used in the assessment of anger, contempt, and disgust by Hutcherson & Gross (2011). After each item, participants were asked to indicate how they feel using facial expressions from the Radboud Faces Database (Langner et al., 2010) for anger, contempt, and disgust (subject 1,8,23,29,51). This manipulation check using facial expressions was preferred because lexical labels can often be confusing for participants, particularly in the case of contempt (Haidt, 2003; Hutcherson & Gross, 2011; Tangney et al., 2007). See Appendix 1 for emotion items for each condition.

Tax avoidance article

Following the emotion inducement, participants were asked to read a fictional news article. We adapted an article previously used by Antonetti & Maklan (2016a) describing accusations of tax avoidance towards a multinational corporation. We modified the initial scenario by removing the section where tax avoidance techniques were described in detail, and replaced US with UK to suit our target population. Please see the manipulations in Appendix 2.

Measures

Emotions

Following the article, participants were asked to indicate how they feel using facial expressions from the Radboud Faces Database (Langner et al., 2010) for anger, contempt, and disgust (as illustrated by images of subject number 21 from within the Radboud Faces Database).

Moral behaviour

To assess the perceived morality of the company's/individual's actions, participants were asked to rate the behaviour on a 7-point semantic differential of emotion labels (moral/immoral, right/wrong, justified/unjustified, acceptable/unacceptable, good/evil, right/wrong, fair/unfair).

Actions (immediate)

After reading the account of tax avoidance, subjects were asked to consider a number of different potential actions that they may undertake. Subjects were asked to indicate their likelihood to undertake each of the actions on a scale of 0 (very unlikely) to 6 (very likely). Three types of actions are taken into account. Based on Antonetti & Maklan (2016a), actions were: constructive for corporation/individual, destructive for corporation/individual, and constructive for legal system. (See Appendix 3 for details).

Tax attitudes

General attitudes towards the tax system were assessed using modified items from the inventory TAX-I (Kirchler & Wahl, 2010) to measure voluntary compliance, slightly adapted for the UK (Onu, Oats, & Kirchler, 2018). (See Appendix 4 for details of the questions).

Personal involvement

Personal involvement was assessed with one item, whereby subjects were asked to indicate on a scale of 0 (no impact) to 6 (very large impact) how such behaviour by companies would impact them personally.

4.2. Results and discussion

The initial element of the experiment framed a series of scenarios in a different manner in each of the treatments in order to manipulate different emotions. Figure 1 shows that the initial manipulation was partially successful. Subjects in the ANGER and DISGUST treatments expressed greater levels of anger and disgust than contempt, whereas subjects in the CONTEMPT treatment expressed greater levels of contempt than anger or disgust. However subjects in the ANGER and DISGUST treatments expressed similar levels of anger and disgust within the treatments.

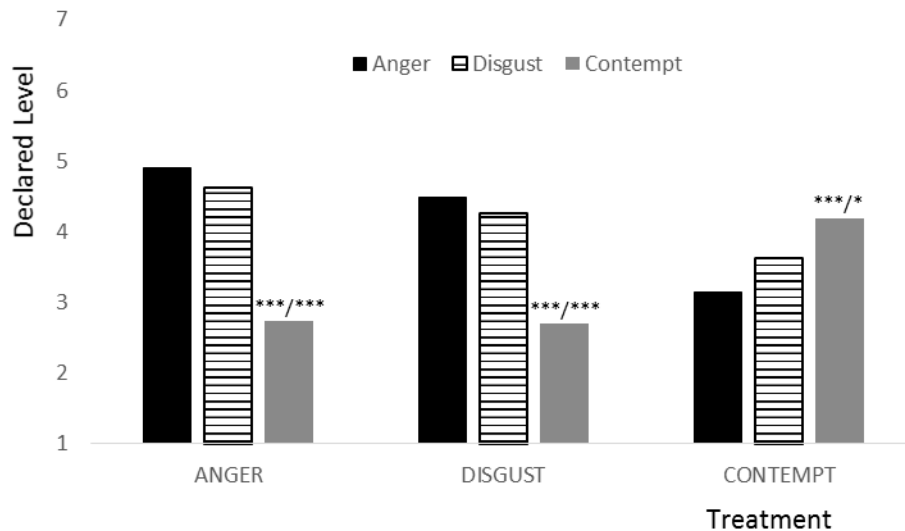


Figure 1: Histogram bars show the average declared level of each emotion type (Anger, Disgust, Contempt) in response to five scenarios as recorded for each treatment. The three treatments (ANGER, DISGUST and CONTEMPT) represent the three conditions experienced by different subjects where the five scenarios were different and designed to induce the relevant emotion. Significance is marked in relation to Wilcoxon sign rank test between the pairs anger and contempt / disgust and contempt in each treatment; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.¹

The second part of the experiment then asked subjects for their opinion on a tax avoidance scenario. Figure 2 shows that the effects of the initial manipulations did not carry over into the second part of the experiment, with subjects typically expressing higher levels of anger than disgust in relation to the scenario. There are no differences in the levels of emotion reported in relation to the tax avoidance scandal between the treatments.

¹ A p-value indicates the significance of a statistical test. In this case, the test represents a hypothesis of two average values being the same, and a small p-value (< 0.01) indicates strong evidence against this, meaning that it is highly likely that the two values are different

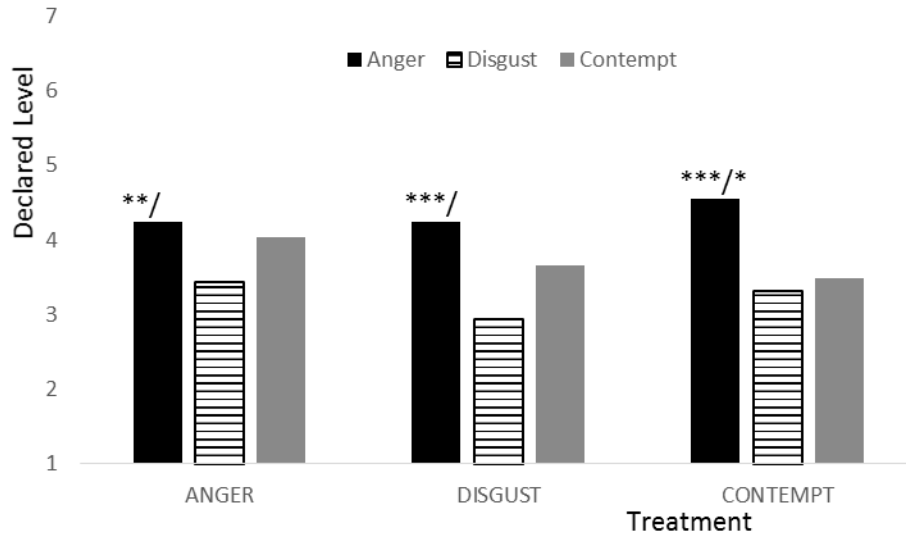


Figure 2: Average declared level of emotion (Anger, Disgust, Contempt) in response to tax avoidance scenario in each of the three treatments (ANGER, DISGUST, CONTEMPT) designed to induce the related emotions in the first stage. Significance is marked in relation to Wilcoxon sign rank test between the pairs anger and disgust / anger and contempt in each treatment; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

As there was no cross over observed from the manipulation stage to the responses to the tax avoidance scenario, we simply present a correlational analysis between the stated degree of intention to carry out a particular action and the self-reported levels of the three negative emotions by subjects, summarised in Table 1. The first two actions are classified as constructive with regard to the corporation as they relate to direct, active steps toward the company, the second two as destructive as they involve passive actions toward the company and the final two as constructive with regard to the legal system.

	Anger	Disgust	Contempt
Petition company to change tax arrangement	0.326 **	0.137	-0.021
Stop buying from company	0.419 ***	0.183	-0.082
Buy from competitor	0.235 *	0.376 ***	-0.069
Actively campaign to denigrate company	0.227 **	0.103	-0.071
Petition government to change law	0.388 **	-0.018	-0.096
Petition government to be tough on the company	0.375 **	0.078	-0.011

Table 1: Value of regression of stated level of emotion with regard to tax avoidance scenario on each of a list of potential actions; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

Table 1 gives evidence that there is a correlation between anger and the intention to carry out constructive actions, and weaker evidence for a correlation between anger and destructive actions. There is also some evidence for the relationship between disgust and destructive actions revealed in the stronger relationship between disgust and the action of buying from a competitor, though a relationship was not observed between disgust and the action of denigrating the company as would also have been expected. There is no observed relationship between an expression of contempt and any of the actions, consistent with the notion that contempt is related with an absence of action.

While the study revealed clear evidence that anger is highly associated with constructive actions, there are a number of further things to consider. The responses upon reading the tax avoidance scandals (second stage) were consistent between the three treatments. This indicates that a key first consideration is that the manipulation used in the first stage of the experiment failed to invoke different emotions with regard to tax avoidance within the second stage. In Study 3, we attempt to use the degree of personal involvement in relation to the action of the tax avoidance to induce anger vs disgust. It is also unclear that we measured contempt, we may simply have captured passivity. In Study 3, we only focus on the emotions of anger and disgust. The results also indicate that there is a fuzzy boundary between what are constructive and destructive actions. In Study 3, we add a wider range of actions.

5. STUDY THREE

5.1. Overview, sample, and method

In order to address the failed inducement of emotions in Study 2, in Study 3 we attempted to induce emotions by manipulating the personal relevance of the moral behaviour. Given that anger is meant to be specific to transgressions that are personally relevant, and disgust to situations that are not personally relevant, in this study we manipulated personal relevance with the ultimate aim of inducing anger versus disgust.

Sample

152 participants (students of various disciplines) took part in the study for a small fixed reward of £5. The sample comprised of 61.2% female subjects with an average (mean) age of 20.3 and a standard deviation of 1.24.

Manipulation of personal relevance

In order to manipulate personal relevance, we added the following sentence to the tax avoidance article to manipulate the relevance of the transgression to our sample of students: *“Campaigners argue that the amount of tax avoided by The Breakfast Union would have been much needed to fund public services. They estimate the amount lost from the UK budget would have been enough to cover 3000 annual state pensions for the elderly [low personal relevance] / 3000 maintenance grants to enable students to attend University [high personal relevance].”*

Corporation versus individual target

In this study, we also varied the target of the scandal, as corporation versus individual. The texts and questions in the two conditions were equivalent, the only change being the target of ‘The Breakfast Union’ versus ‘Alistair Jones’. An example of the different manipulations can be found in Appendix 2.

The measures in Study 3 are very similar to those in Study 2, with two additions: (1) the measures of emotion were more comprehensive with the addition of other facial expressions for control (a happy expression and a neutral expression) and the addition of labels of emotions as an additional check; (2) more actions were added in order to present a wider array of constructive versus destructive actions; the full list of actions can be found in Appendix 3.

The design means that any given subject faced one of four separate treatments, relating to if the personal relevance was “Low” or “High” crossed with whether the target was a corporation or an

individual. The charts presented in the next section represent average levels of a response for each treatment and any statistical differences in a pairwise comparison between the four treatments.

5.2. Results and discussion

The left panel of Figure 3 shows that there was no greater perception of personal impact in relation to the tax avoidance scenario between the conditions of low and high personal relevance. This disappointing result is somewhat mediated, however, by the observation of a weak interaction effect, in that the student subjects marginally reported being more impacted in the high personal relevance condition where the target was the individual, rather than the corporation.

A strong correlation was observed between a measure of the subjects' degree of voluntary compliance and the self-reported levels of impact, anger and disgust (see Table A1 in appendix). This may indicate that the subjects' pre-existing commitment to the tax system may have been the major driver behind their responses. Regressions given in the Appendix use the self-reported measure of voluntary compliance as a control. In all three key cases, for impact, anger and disgust, the findings presented in this section are stronger when this control is included.

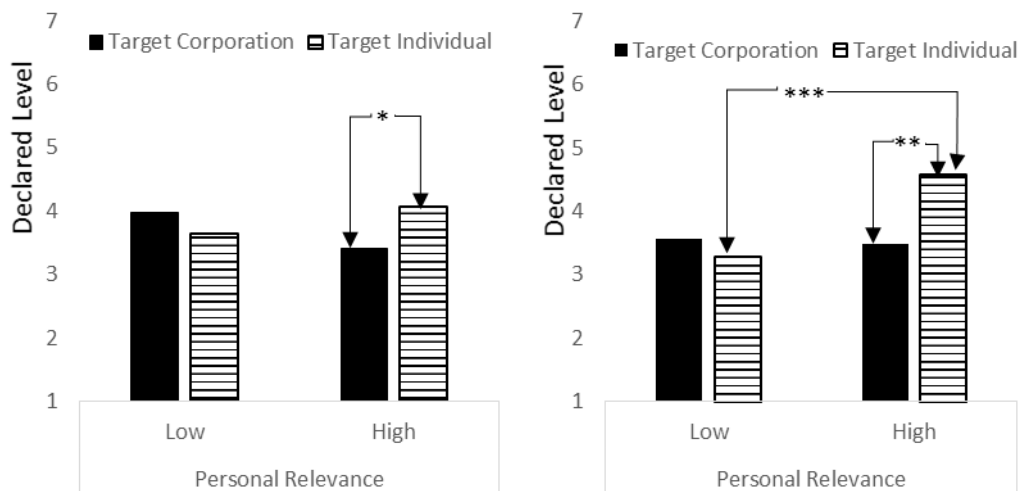


Figure 3: Average declared level of impact (Left) and anger (Right) in response to tax avoidance scenario. Significance is marked in relation to OLS regression² results of interaction of treatments on the declared level; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$. Arrows indicate where there is an observed significant difference of the average (mean) values between treatments

The right hand panel of Figure 3 (and results in Table A2) shows that the level of anger induced is clearly higher under the joint condition of where the target is an individual and there is high personal relevance compared to either when the target is a corporation or when there is low personal relevance. This pattern is the same for the emotion disgust, whereas there are no differences found for the neutral or happy emotions (data not shown). This result runs counter to our expectation that low personal involvement would induce a higher degree of disgust. The results show that interaction

² OLS regression – Ordinary Least Squares regression: method used to determine best fit of the observed experimental data to underlying factors – in this case the treatment variations of personal relevance and target.

of the high degree of personal involvement and the individual target produced higher levels of both anger and disgust.

This result appears to run contrary to previous findings where corporations were sometimes judged more harshly than individuals (Hans & Ermann, 1989; MacCoun, 1996). In the previous studies, the wrongdoing was typically in the form of liability for personal injury to a third party. It is interesting therefore to note that the significant increase in the level of anger observed in the current study only occurs under the condition where the target is an individual and there is a high degree of personal relevance.

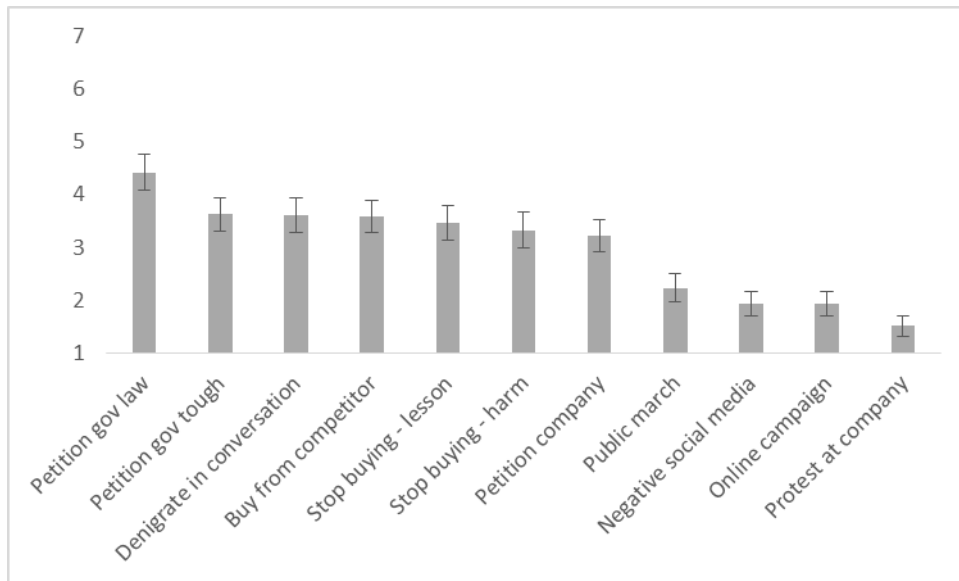


Figure 4: Average declared level of intention for each of the possible actions in response to tax avoidance scenario. Error bars represent 95% confidence intervals.

Figure 4 shows that subjects have definite preferences for the list of activities. Within subject tests found subjects to be significantly more likely to declare a higher intention for the action of petitioning the government to change the law over any other action, and being significantly less likely to choose the actions protest at company, post negative social media, go on a public march and denigrate to bankrupt than the others. The low declared intention to use these actions may be because the subjects think that these actions are not efficient, or do not want to be seen engaged in these activities. These findings suggest a further issue in the experimental design whereby subjects' decisions reflect their pre-existing propensity for an action and/or their belief in the effectiveness of a given action.

For the majority of the potential actions against the transgressor, there was no difference observed in the subjects' declared intentions between the treatments, with two exceptions. Figure 5 shows that there was a weakly higher intention to petition the government to change the law for individuals in the case of low personal involvement. This relationship is also true for an overall test of the effect of a change of the target, revealing that subjects revealed a higher intention to petition the government for a change in the law in the case where the target was an individual.

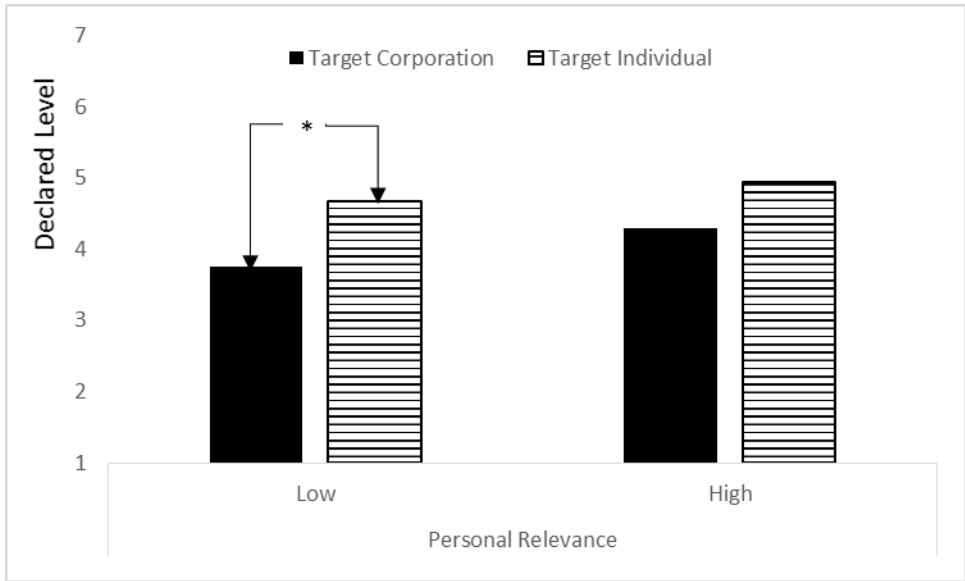


Figure 5: Average declared level of intention to petition the government for a change in the law in response to tax avoidance scenario. Significance is marked in relation to OLS regression results of interaction of treatments on the declared level; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

Figure 6 shows that there was a significantly higher intention to denigrate the target with friends and family in the case where the target was a company rather than the individual under the condition of low personal involvement. The result remains significant for an overall test in the difference of intention between a target of a corporation or an individual ($p = 0.036$).

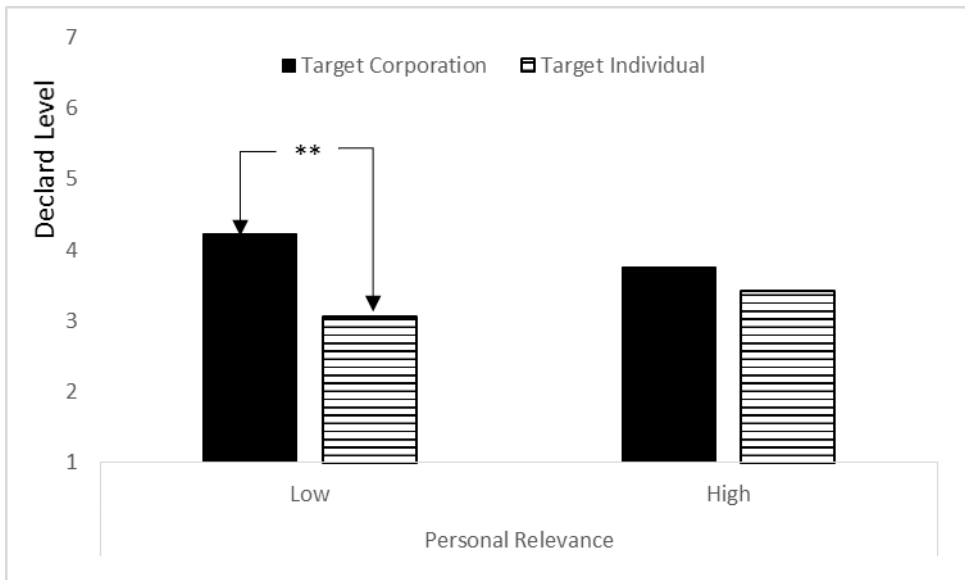


Figure 6: Average declared level of intention to denigrate to friends and family in response to tax avoidance scenario. Significance is marked in relation to OLS regression results of interaction of treatments on the declared level; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

These contrasting results are interesting as they demonstrate a fundamental difference in subjects' intentions in relation to the targets. An analysis of the difference between the level of an individual subjects' stated intention to petition the government to change the law and the intention to denigrate the company highlights this, illustrated in Figure 7.

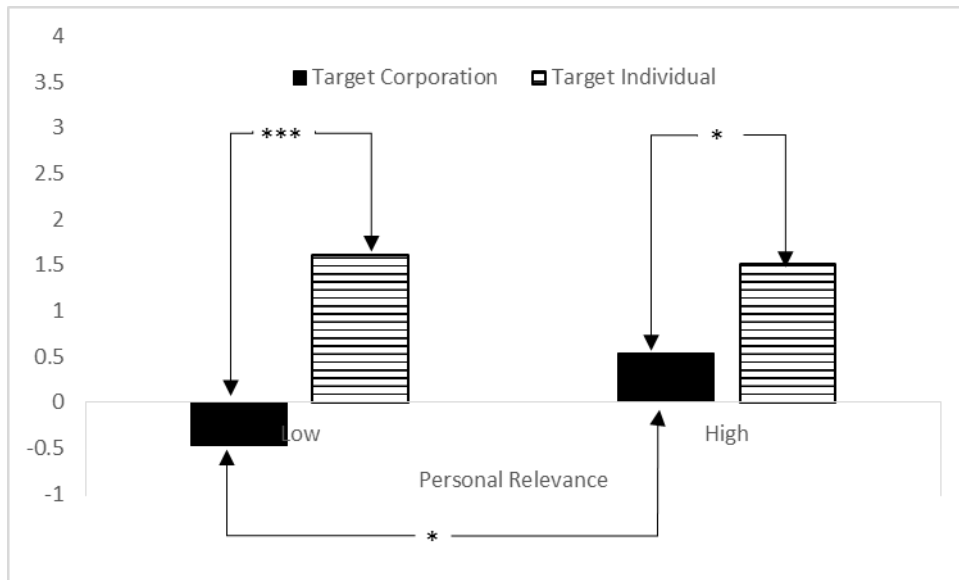


Figure 7: Average difference in the (within subject) declared level of intention to petition the government and the intention to denigrate to friends and family in response to the tax avoidance scenario. Significance is marked in relation to OLS regression results of interaction of treatments on the declared level; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$. Arrows indicate where there is an observed significant difference of the average (mean) values between treatments

Under the case of low personal relevance, the average difference in the stated intention is far greater in favour of petitioning the government in the case where the target is an individual (whereas a given subject actually shows a greater degree of intention to denigrate the transgressor if it is a corporation). Under the case of high personal relevance, however, the degree of difference is much reduced. While there is still a weak tendency to be more inclined to petition the government in the case of an individual, a subject is now more likely to favour petitioning the government in the case that the transgressor is a company as well. The observation of this pattern for the within subject differences suggests that subjects are switching the extent to which they would choose these actions, in particular for the case of the corporation between the low and high personal relevance conditions which leads to the patterns observed. The patterns observed in Figures 4 and 7 suggest that the perceived effectiveness of an action, the associated costs of carrying out an action and the nature of the target may all have a role in how subjects chose their actions.

The regressions in Table 2 show that the self-reported measure of anger predicts a higher declared level for both constructive and destructive actions, whereas disgust only weakly predicts destructive actions. Subjects indicated a greater likelihood to carry out a constructive action where the target was an individual compared to where it was a corporation, whereas there was no difference found for destructive actions.

	DV: Constructive Action	DV: Destructive Action
Individual	0.7947 ** (0.3652)	-0.1343 (0.1108)
High	0.3688 (0.3670)	0.1108 (0.2418)
Individual * High	-0.5044 (0.5213)	-0.1590 (0.3434)
Anger	0.2728 *** (0.0802)	0.2687 *** (0.0528)
Disgust	0.0838 (0.0873)	0.1120 * (0.0528)
Const	1.9649 *** (0.4001)	1.3295 *** (0.2636)
N	142	142
R ²	0.19	0.32

Table 2: OLS regression of i) average level of constructive action and ii) average level of destructive action on treatment conditions, their interaction and the declared level of anger and disgust; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.³

6. CONCLUSIONS

This report presents an analysis of the role of moral emotions in reactions to tax avoidance. Study 1 revealed a role for the emotions of anger, disgust and contempt in responses to tax avoidance which were then further investigated experimentally.

The experiments were designed to investigate propositions from a theory that suggests that anger is typically associated with constructive actions, designed to correct the target's behaviour, whereas disgust is related to destructive actions designed to punish or avoid the wrongdoer.

In the second study, we attempted to induce the different moral emotions in subjects using a set of scenarios from the literature (Hutcherson & Gross, 2011), before presenting subjects with a tax avoidance scenario and eliciting opinions. While there was some evidence that contempt could be induced in the manipulation step in a manner different to anger or disgust, there was no evidence that anger and disgust were induced separately or that the induced emotion carried over into the tax avoidance task, where similar elevated levels of anger were seen for all three conditions. Analysis of the results indicated that self-reported levels of anger were correlated with the intention to carry out a number of potential actions against the transgressor, though this included both the constructive items predicted by theory as well as destructive ones. Disgust was correlated with one of the potential destructive actions, consistent with theory, though not with a second destructive item.

In the third study, we attempted to induce different levels of anger and disgust by varying the degree of personal relevance of the tax avoidance scenario to the subjects by expressing the lost tax revenues

³ The regression results shown in Table 2 show the differences in the reported mean levels between the treatments relative to the baseline ("const") of low personal relevance and a corporate target. N details the number of subjects and R² is a standard measure of goodness of fit (between 0 and 1) for the regression

in terms of a relevant or non-relevant service. A further manipulation altered setting the target of any response to the scenario as relating to transgression by a corporation or by an individual.

While there was no significant difference found for the impact between the two conditions of personal relevance, there was a marginal effect found for the interaction of high personal relevance and an individual target. The declared levels of anger and disgust were found to be significantly elevated under this joint condition. This result is counter to the expectations that higher levels of anger would be found for corporate transgressors and that increased disgust would be found in the case of low personal involvement.

The declared level of anger was found to be highly correlated to both constructive and destructive actions, whereas disgust was only found to be weakly correlated to destructive actions. A higher intention to carry out constructive actions was found in the case where the target was an individual rather than a corporation. The degree of intention to use particular actions was found to vary, with the majority of subjects indicating a low willingness to use a variety of the potential actions. This may be because the subjects think that these actions are not efficient, or do not want to be seen engaged in these activities.

It is notable that there is a higher degree of anger self-reported in the joint case of high involvement where the target is an individual compared to the other cases, but this does not result in significant differences in the declared intentions of actions. This appears to relate to a switching in the nature of the actions chosen by subjects, notably a relative increase in the intention to petition the government to change the law relative to the action of denigrating the company in conversation under a switch from low to high personal relevance in the case of a target corporation.

While the studies failed to induce specific emotions experimentally, they do provide some insight into the relationship between emotions and responses to tax avoidance. The results show that anger is correlated with both constructive and destructive actions in relation to tax avoidance scandals, but disgust to a much lesser extent. There is evidence that the joint condition of high personal involvement and an individual transgressor induce a higher degree of anger, though any effect on responses is less clear.

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Appendix 1

Anger items

You bump into a man, causing the books and papers he is carrying to fall and scatter over the ground. He exclaims, "Clumsy idiot!" and brushes off your attempt to help him.

A student steals your exam and copies it.

A boy laughs when he sees you fall and hurt yourself.

A young man pulls down the pants you are wearing in public and laughs.

A student steals your bike and then is heard bragging about it later.

Disgust items

A person bumps into a man, causing the books and papers he is carrying to fall and scatter over the ground. He exclaims, "Clumsy idiot!" and brushes off their attempt to help him.

A student steals another student's exam and copies it.

A boy laughs when he sees a person fall and hurt themselves.

A young man pulls down the pants a person is wearing in public and laughs.

A student steals a student's bike and then is heard bragging about it later.

Contempt items

A man who tries to impress a woman by fixing her car, but actually makes it run worse.

A person who tries to use large words to sound smart, but mispronounces them.

A woman who thinks she's a brilliant designer, but actually makes ugly, unoriginal clothes.

A waiter who often misremembers customers' orders.

A person who thinks the rhymes on cheap greeting cards are good poetry.

Appendix 2

How the Breakfast Union Avoid Taxes in the UK

By Jennifer Blake

The Breakfast Union Corp. is a global coffee company and coffeehouse chain with stores in more than sixty countries and thousands of employees. Despite the remarkable success of its operations, The Breakfast Union has been recently the target of criticism from several magazines and politicians. The accusation made to the company is that through a number of tax avoidance tactics, the firm has managed to ensure that it pays very little tax in the UK. This is controversial because the UK operations have been very successful, with sales of approximately \$1.5bn in 2013. The Breakfast Union has managed to pay only around \$2m in taxes thanks to the implementation of several accounting techniques that artificially lower the profitability of the organization. These accounting procedures transfer effectively the profits to jurisdictions that have lower taxes.

Critics argue that although these schemes are legal, they are explicitly designed in order to avoid tax and therefore are immoral because they allow multinationals to reduce their tax burden and give them an advantage over national businesses and individuals. The Breakfast Union has replied to the accusations stating that it has done nothing wrong, that the company always respects the regulations of the countries where it operates and that it is willing to cooperate with the authorities to find solutions to any potential disputes that might emerge.

How Alistair Jones Avoids Taxes in the UK

By Jennifer Blake

Alistair Jones is a billionaire who owns businesses in more than sixty countries with thousands of employees. Despite the remarkable success of his businesses, Mr Jones has been recently the target of criticism from several magazines and politicians. The accusation made to the billionaire is that through a number of tax avoidance tactics, he has managed to ensure that he pays very little tax in the UK. This is controversial because his UK businesses have been very successful, with sales of approximately \$1.5bn in 2013. Mr Jones has managed to pay only around \$2m in income taxes thanks to the implementation of several accounting techniques that artificially lower his taxable income. These accounting procedures transfer effectively some of his income to jurisdictions that have lower taxes.

Critics argue that although these schemes are legal, they are explicitly designed in order to avoid tax and therefore are immoral because they allow wealthy individuals to reduce their tax burden and give them an advantage over small businesses owners and individuals. Mr Jones has replied to the accusations stating that he has done nothing wrong, that he always respects the regulations and that he is willing to cooperate with the authorities to find solutions to any potential disputes that might emerge.

Appendix 3

For Study 2:

Keeping in mind the article about The Breakfast Union, please take a moment to imagine you were a customer of this company when you found out about the criticism related to its tax affairs. What actions would you be likely to take as a result of finding out about its actions? (Please rate the statements below from 0 = completely disagree to 6 = completely agree)

Petition the company to stop using the tax scheme described
Petition the government to be tougher on the company
Petition the government to change the law as not to allow this sort of scheme
Stop buying from the company
Start buying products from the competitor as a protest
Actively promote a campaign against the company's brand

For Study 3

Petition the company to stop using the tax scheme described
Petition the government to be tougher on the company
Petition the government to change the law as not to allow this sort of scheme
Join a public march against tax avoidance
Stop buying from the company in order to teach them a lesson
Stop buying from the company in order to harm their business
Denigrate the company in conversation with friends and family.
Post negative comments about the company on social media
Start buying products from the competitor
Take part in an online campaign for the company to leave the UK
Take part in an online campaign to denigrate the company's brand in the hope that it would become bankrupt
Take part in a protest outside one of the company's coffee shops

Appendix 4

TAX-I measures of attitudes towards tax, expressed on a scale of 0 (completely disagree) to 6 (completely agree):

When I pay my taxes as required by the regulations, I do so ...

Because to me it's obvious that this is what you do
To support the state and other citizens
Because I like to contribute to everyone's good
Because for me it's the natural thing to do
Because I regard it as my duty as a citizen

Regressions

The measure of a subject's degree of voluntary compliance is taken as the average of their declared value for each of the five items of the TAX-I inventory (Onu et al., 2018).

Reported Measure	Value
Impact	0.305 ***
Anger	0.337 ***
Disgust	0.316 ***
Neutral	-0.056
Contempt	0.103
Happy	-0.156 *

Table A1: Correlation coefficients of various self-reported measures and a measure of voluntary compliance; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

	DV: Impact	DV: Anger	DV: Disgust
Individual	-0.4456 (0.3685)	-0.4597 (0.4430)	-0.4474 (0.4128)
High	-0.6443 * (0.3655)	-0.2021 (0.4393)	-0.8305 ** (0.4094)
High * Individual	1.2502 ** (0.5200)	1.7586 *** (0.6251)	1.5348 *** (0.5825)
Voluntary	0.4251 *** (0.1043)	0.5964 *** (0.1253)	0.5005 *** (0.1168)
Const	1.7746 *** (0.5937)	0.3968 (0.7137)	1.4224 ** (0.6651)
R ²	0.134	0.199	0.153

Table A2: OLS regression coefficients for regression of treatment variables and measure of voluntary compliance of three different self-reported values; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.