

‘Paying taxes is losing money’: A qualitative study on institutional logics in the tax consultancy field in Romania

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Abstract

The role of the tax consultancy industry in promoting tax avoidance products is under increasing scrutiny in the Western world. Various societal actors, such as governmental and non-governmental organisations, academics and the media, have voiced their dissatisfaction with the negative effects of tax avoidance on state budgets. This is indicative of a changing attitude towards tax avoidance practices, and the public’s expectations of tax consultancy activities. Applying an institutional logics framework, this paper interprets the traditional values of tax consultancy as articulating commercial logic, and identifies new societal developments exerting pressure for ethical practices in the tax consultancy profession. While there are visible signs of both logics currently coexisting in Western countries, less is known about how these logics manifest in contexts beyond the Western world. We take an in-depth look at tax consultancy in Romania, a country that continuously strives to balance the remnants of its communist past with its newly claimed European identity. We examine the dynamics of these two institutional logics and how the features of Romanian society affect them.

Keywords: Tax consultants; tax avoidance; neoliberalism; Romania.

1. Introduction¹

If we had a [tax] model as in Sweden, where the taxation is high but you get back more than decent life standards, you wouldn't have any problem that [the state] takes your money [as taxes]. But when you notice that the Romanian state takes some money from you and this doesn't return to you [to improve] your everyday life, that's like you would... I don't know, you would play the lottery. (Interviewee 8)

Tax consultancy, a commercially oriented function of accounting firms, has traditionally served taxpayers' interests by assisting clients in legally optimising their tax arrangements (Hansen, Crosser, & Laufer, 1992; Jackson & Milliron, 1989; Roberts, 1998). However, the involvement of these practitioners in tax avoidance schemes has recently come under the scrutiny of governments, the media and non-governmental organisations (OECD, 2008; OECD, 2013; UK Government, 2013).

Using the institutional logics perspective, we interpret the traditional client-oriented acumen of the tax consultancy profession as a commercially driven institutional logic, and the recent manifestation of adverse societal attitudes towards tax avoidance as an ethically oriented logic. The latter logic transposes a societal request for tax consultants to act in a way that takes into account the interests of society in their tax advising activities. While ethical logic challenges practices associated with the tax avoidance, it has not to date posed a significant threat to established tax practices in the business world, and neither has it been integrated into the mindset of tax professionals (Doyle, Frecknall Hughes, & Summers, 2013). While multiple other institutional logics are at play in the tax consultancy profession (associated, for instance, with the legal and professional angles from which the profession could be viewed), our focus in this study is on the two logics noted above (commercial and ethical), as they have of late become significantly more prominent in the public eye.

While the pressure to evolve towards an ethically oriented logic in the tax consultancy field has recently gained visibility in the Western world, we know less about how this has manifested in other societal contexts. Is the tax advising profession commercially oriented in the first place or does it play other roles in society? Furthermore, have the ethical expectations articulated in Western countries 'travelled' to other societal contexts? Finally, if they do travel to other social contexts, how are they translated into the local context and what kinds of local signifier do they embrace? The tax consultancy field in Romania is an interesting context to examine while seeking to answer these questions. In the process, we respond to recent calls to understand how trends manifesting themselves in Western contexts are domesticated in less familiar societal settings (Belal et al., 2017).

This study aims to examine how the institutional logics operating in the tax consultancy profession in Western Europe are reflected in the context of Romania, and how the local context affects the ways in which different approaches to tax and tax consultancy are produced as part of these institutional logics. As a member state of the European Union, there are promising

¹ Abbreviations: TC – tax consultant; TI – tax inspector; DGAMC – General Directorate of the Administration of Large Taxpayers.

opportunities for Romania to harmonise its business practices with those in other European countries, including tax consultancy and its commercially oriented nature. Membership also increases the chance that various societal trends and developments in Europe may ‘travel’ to Romania. If so, societal pressures for the adoption of an ethical logic in the tax consultancy field, which has recently become manifest in the European Union, could be expected to be present in Romania. However, the Romanian context differs substantially from the rest of Europe, as the country is a young democracy and its recent history has been marked by corruption, state capture and politically affiliated media, all of which impact the business environment (European Commission, 2017; Freedom House, 2016). Hence, we can expect variation in the way these trends are adopted or interpreted by local actors.

Furthermore, differences in the way these logics manifest in Romania compared to Western Europe may arise also from the historical contexts in which the tax profession has developed. The tax consultancy arena in Western Europe has long been characterized by a relatively stable commercial logic that has only recently come under threat from an emerging ethical logic. Hence, the ethical logic in the tax field has a brief history in Western Europe, with ethical concerns related to tax avoidance raised in the early 2000s. The tax consultancy profession in Romania has a very distinct historical background. Prior to the collapse of communism in 1989, essentially the profession did not exist, but emerged during the 1990s as an offspring of accounting professions in response to complexity in the tax domain. Tax consultancy legislation was passed in the early 2000s in Romania, essentially advancing the commercial logic and simultaneously also the ethical logic that resulted from Romania’s extensive exposure to developments occurring in Western Europe. Being a new arena, historically marked by values associated with collectivism and socialism, there is little that could be predicted about how these two logics would manifest and how one might impose itself on the other. The commercial logic held the statutory advantage but legislation does not in itself guarantee institutionalisation in a country context such as Romania (World Justice Project, 2016). The communist approach to economic life may have instilled an aversion to private profit-making (Padelford & White, 2010), thus creating the potential to nurture the ethical logic and strengthen its position in the tax arena. Given this complex societal context in which the tax arena is situated, it is important to examine how the potential relationship between the two logics affected the profession in Romania.

This article contributes to an understanding on how institutional logics present in Western countries travel and are adapted to other societal contexts. As contemporary societies struggle to advance an ethical logic in the tax consultancy field, this study provides insights into what prevents this logic from becoming institutionalised in non-Western contexts.

The remainder of this paper is organised as follows. First, the study introduces the relevant literature on the interface between tax consultancy and tax avoidance and develops an argument for the existence of the two institutional logics in the field of tax consultancy. Then, it presents the theoretical framework of the research, drawing on scholarship in institutional theory and institutionalisation. Next, the data and methods are briefly outlined, followed by an introduction to the Romanian tax system. Finally, the empirical findings are presented and analysed in the discussion section, and conclusions are presented at the end of the paper.

2. Literature review: tax consultancy and its development in Western countries

Tax consultancy is a relatively recent function of accountancy firms, whose emergence is linked to the expansion of accounting services into the consultancy field during the 1980s and 1990s due to the flattening of profits from the provision of auditing services (Holtzman, 2004; Sikka & Hampton, 2005; Wyatt, 2004). Large accountancy companies, such as the Big Four (i.e., Deloitte, PricewaterhouseCoopers, Ernst & Young, and KPMG), incorporated tax consultancy as a distinct area of services provided to business clients and individuals (Rosen, 1999).

Tax consultancy can be broadly defined as a profession (see Evetts, 2003) because it is an expert, knowledge-based occupation; hence, the members of the tax consultancy profession need to undergo some form of education or training in order to be able to perform specific activities. Tax consultancy is also highly self-regulated and has a monopoly on its expertise in society, so its members enjoy the privileges of a modern 'guild'. While other types of tax consultants exist, this article defines tax consultants as professionals working primarily in accountancy firms, whose main activity is to provide recommendations on tax positions to their clients (see Doyle, Frecknall Hughes, & Glaister, 2009).

The collapse of communism in Eastern Europe in late 1989 profoundly altered the roles assigned to the accountancy profession. Under communism, accounting served as a tool to facilitate the fulfilment of national central plans and budgets, via taxation, which narrowed accountants' work in enterprises to mere bookkeeping (Taylor and Osipenkova, 2003). In a large part of Eastern Europe, accounting and taxation have remained deeply intertwined long after the collapse of communism, accounting primarily serving as a means to calculate taxes owed to the state (Solodchenko & Sucher, 2005; Sucher et al., 2005, Jaruga et al., 1996). Accountants have continued to perform tax compliance work complementarily to other accountancy services even after tax consultancy was officially regulated. Indeed, the prior studies on the accounting profession in Eastern Europe rarely draw a distinction between tax professionals and other types of accountant; tax work is assumed to be part of accountancy work (Seal et al., 1996, Albu, 2013; Albu et al, 2011). Hence, there is scant literature on the tax consultancy profession in post-socialist countries. While the auditing dimension of the accounting profession is rather well documented in the prior studies examining reforms in post-communist societies in Eastern Europe (see the works of Sucher et al., 2004; MacLulich and Sucher, 2005; Mennicken, 2010), the same cannot be said of tax consultancy.

As accounting in the communist era was confined within the boundaries of national planning, the accountancy profession was dominated by what could be referred to here as a revenue collection state-driven logic, which simultaneously covered the tax domain. Since 1989, accounting has transitioned towards the multiple functions it plays in a market-driven economy (Albu et al., 2011; Richard, 2003; King et al., 2001). Tax consultancy has as a result gradually separated itself from the accountancy, becoming a space for confrontation between various logics travelling from the West, as the exposure of Eastern European countries to the market economy enlarged after communism collapsed. We therefore explore next how the tax

consultancy profession developed in the West, since the institutional logics in place there have inevitably had an impact on Romania. As in other Eastern European countries, especially those that are now part of the European Union, Romania has been expected to emulate professional values and norms that are taken for granted in the Western economies.

The following subsections introduce the tax consultancy profession and developments over time, as well as factors affecting these developments. We build our analysis on extant Western academic research, as well as recent statements from representatives of various institutions, such as the media, governments and non-governmental organisations worldwide.

We rely on an institutional logics framework (Thornton and Ocasio, 2008) to analyse and interpret these materials. Tax consultancy can be interpreted as a field in which several different institutional logics can be in play at any given moment. For instance, a legal logic, having its roots in the statutory status of tax regulations, may seem to dominate the field. Simultaneously, tax consultancy may be governed by a professional logic, which gives primacy to professional values, such as expertise and objectivity, in the everyday performance of practitioners in this field. From yet another angle, the values associated with the business acumen of the tax consultancy profession are an exponent of a commercially-oriented institutional logic. A final example is drawn here from the observation that people in Western Europe have of late made numerous calls for the profession to become more responsive to societal needs. We interpret these emerging expectations as a reflection of an ethically oriented logic.

Despite the coexistence of multiple institutional logics in the field of tax consultancy, we focus here on two: the commercial and the ethical. This is because these logics have recently come to the attention of the public, and because their peaceful coexistence in a societal setting appears more challenging, given the very different nature of the values on which they rest (Dallyn, 2017; Sikka, 2015). The following subsections discuss these two logics in detail.

2.1 Commercially driven institutional logic: serving clients

As with any consultancy service, the tax consultancy profession functions as a commercial activity that is intended to generate profits for its owners. Tax consultancy is, therefore, business-minded with an inherently strong commercial orientation that aims to advance clients' interests (Otusanya, 2011; Roberts, 2001), which is why we label the institutional logic espousing this view as being commercially driven.

Tax consultancy aims to assist clients with their tax affairs and can accomplish this mission in multiple ways. For the purposes of this study, we focus on two major means by which tax consultants serve their clients, and we refer to these as two dimensions of the commercial institutional logic. They refer to tax compliance and tax avoidance, which have been largely recognised in prior research as the most significant roles of a tax consultant (e.g., Jackson and Milliron, 1989; Klepper and Nagin, 1989; Klepper, Mazur and Nagin, 1991; Tomasic and Pentony, 1991). The two dimensions are introduced below.

2.1.1 The tax compliance dimension of the commercially driven institutional logic

Tax compliance refers to offering assistance and support when filing tax forms, explicating tax legislation for the client and taking good care to ensure that clients' taxes are paid on time and are compliant with state laws. The need for tax compliance assistance occurs when clients, who are either individuals or firms, face challenges in properly interpreting the legislative norms related to taxes, frequently deemed bureaucratic and complex (Frecknall-Hughes & McKerchar, 2013; Marshall, Armstrong, & Smith, 1998; Schisler, 1994). Tax consultants can also identify opportunities that are created intentionally by the legislator to incentivise taxpayers in a way that either encourages or discourages certain behaviours. We interpret tax advice for these purposes as the tax compliance dimension of the commercial institutional logic.

Tax consultancy can also prove valuable in supporting state efforts to collect taxes by preventing accidental tax evasion (Jackson & Milliron, 1989; Klepper et al., 1991; Leviner & Richison, 2011). In this role, tax consultants are seen as potentially playing the role of 'enforcers' (Klepper et al., 1991) or acting as agents for the government (Jackson & Milliron, 1989; Tomasic & Pentony, 1991) by ensuring that tax norms are properly applied by their clients. Whether or not the tax consultancy profession should play a role in tax compliance remains contested. Some scholars openly advocate for such a role (Klepper et al., 1991; Leviner & Richison, 2011), claiming that "taxpayer noncompliance is everyone's problem, not just the government's" (Jackson and Milliron, 1989, p. 81). On the contrary, other commentators hold that the application of tax norms cannot be left to the discretion or morality of taxpayers and their advisors, and that it is the role of legislators to ensure that such norms are, in fact, applied (Freedman, 2004). Moreover, empirical evidence suggests that an enforcer role induces resentment among tax consultants who would interpret their work as unremunerated work performed for state authorities (see Tomasic and Pentony, 1991 in an Australian context).

We conclude that compliance work has been part of tax consultancy since its inception, but to practitioners in the field it only makes sense as a commercial activity that safeguards the client from accidental non-compliance, rather than as a mission to assist governments. We turn now to the second dimension of the commercial logic.

2.1.2 The tax avoidance dimension of the commercially driven institutional logic

The second dimension of the commercially driven institutional logic refers to activities that go beyond compliance work and seek to add value to clients' businesses in the form of reduced tax invoices in a fashion not purposefully intended by the legislator. Tax avoidance includes the exploitation of loopholes in the tax law, use of tax shelters, and various international financial structures (Knuutinen, 2004). A distinction between intentional and unintentional legislative opportunities is difficult to observe in practice but we interpret the wilful exploitation of the latter as a component of the tax avoidance dimension of the commercial logic.

Tax avoidance refers to the exploitation of 'grey areas' of tax legislation without violating the 'letter of the law'. The tax avoidance dimension of the commercial logic does not correspond

to an officially assigned function for tax consultants, as tax avoidance *per se* is not a legal construct (Knuutinen, 2014). Rather, it is a role that tax consultants have been playing in contemporary society and, indeed, evidence suggests that tax avoidance practices are common among tax consultants (e.g., Ayres, Jackson & Hite, 1989; Sikka & Hampton, 2005; Sikka, 2015). Likewise, Erard (1993) and McGuire, Omer and Wang (2012) find that the use of tax practitioners is associated with the increased likelihood of tax avoidance tactics among taxpayers.

Tax consultants may be more inclined to recommend tax avoidance products to their clients in societal settings marked by legislative ambiguity and instability (Doyle et al., 2009; Killian & Doyle, 2004; Klepper & Nagin, 1989), which is the case in many Eastern European countries, Romania included. It could be expected that a tax environment characterised by legislative inconsistencies and instability would ultimately make it easier for tax consultants to help their clients avoid taxes. Moreover, corruption and a large shadow economy in Eastern European states affect citizens' trust in tax institutions, which correlated with low tax compliance (Alm and Torgler, 2006; Picur & Riahi-Belkaoui, 2006; G. Richardson, 2006). This could be seen to enable the manifestation of the tax avoidance dimension in these countries.

The discussion on the commercial institutional logic above indicates that tax consultants can play a double role, either as enforcers of tax compliance or as promoters of tax avoidance. The extent to which one of these roles is more important than the other is less known and may significantly differ across countries. There is also scarce understanding of how the two roles have evolved over time.

While the “tax avoidance” traditional dimension of the tax consultancy profession has been part of the profession for decades, it has recently come under scrutiny. Doyle et al. (2009) show a shift in societal attitudes towards a negative perception of tax avoidance practices. Tax avoidance did not receive much public attention until the early 2000s when society started to scrutinise the potential harmful and unethical aspects of these practices. This suggests, in our view, a new set of social parameters surround tax professionals that we interpret as an ethically oriented institutional logic, which we introduce in the next section.

2.2 Ethically oriented institutional logic: refraining from tax avoidance

The negative nature of tax avoidance intensified with the recession in the late 2000s (Addison & Mueller, 2015) when the media began exposing high profile corporations that were using sophisticated financial structures to shift profits between subsidiaries and jurisdictions for the purpose of reducing their tax payments (e.g., Barford & Holt, 2013; Johnston, 2003). The role of tax consultancy professionals in these tax scandals has not escaped public attention, and financial schemes promoted by these professionals are frequently unmasked in the Western-based press (e.g., White, 2003; Houlder, 2014). Political actors at national and international levels are also increasingly voicing their dissatisfaction with tax avoidance in general and the role of tax consultants in aggressively selling tax avoidance products, in particular. The OECD's Forum on Tax Administration (FTA) expressed its concern about the adverse effects of aggressive tax planning on tax administration, and the role of tax consultants in designing

and promoting tax avoidance products (OECD, 2008, 2013). At the national level, the House of Commons in the UK conducted investigations into tax avoidance in large companies, such as Google (House of Commons, 2013b), and into large accountancy firms that sell tax schemes (House of Commons, 2013a). Various international non-governmental organisations have raised concerns over the legitimacy and ethicality of tax avoidance practices. In this respect, Tax Justice Network played a major role in increasing the visibility of tax avoidance in the political scene (Dallyn, 2017). Academia has long examined tax avoidance from a rather functionalist perspective (Finér & Ylönen, 2017); however, it has recently turned a more critical eye on these practices. Recent studies have exposed the sophisticated financial schemes employed by corporations (e.g., Finér & Ylönen, 2017; Ylönen & Laine, 2015), condemned their effects (Sikka & Willmott, 2010) and examined the interplay between the tax consultancy profession and tax avoidance (Addison & Mueller, 2015; Sikka, 2015; Sikka & Hampton, 2005).

The ethical oriented logic assumes an expectation that tax consultants would not capitalise on their accounting expertise to benefit private interests at the expense of society. Some commentators claim that tax consultants should be attuned to societal needs and, in particular it is hoped that tax consultants will refrain from interfering with the state's capacity to enact legislation and collect revenues for public purposes (Preuss, 2012; Cruz, Shafer, & Strawser, 2000; Sikka & Willmott, 1995).

In the Eastern European context, governing systems in place during communism emphasized collectivist values and societal wellbeing, while simultaneously stigmatizing private profits. Since this ideology came to an abrupt end in the early 1990s, dismissed by new political elites coming to power, Eastern Europe offers an interesting setting that prompts an exploration of how the two institutional logics (ethical and commercial) have manifested. In the light of the ideological values supported by the political regime before the 1990s, we could expect to see the ethical logic traveling from the West gaining ground and becoming stronger in this geographical area than in Western countries. At the same time, the commercial logic was congruent with the new economic vision promoted in the region. Thus, it is worth exploring the dynamics of the two logics in such a setting, and the next section does so theoretically using the lens of institutional theory.

3. Theoretical framework: institutionalisation in the tax consultancy field

Institutional logics have been defined as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio, 1999, p. 804). Initially introduced by Alford and Friedland (1985), this concept refers to the existence of multiple and, at times, contradictory beliefs and values that underpin institutions and their practices in contemporary societies. Institutionalisation refers to the process by which values and beliefs that shape a specific institutional logic become prevalent in a given context, be it an organisation or an institutional field, such as tax consultancy. Organisations and institutional fields (such as tax consultancy)

are conceived as arenas where multiple, conflicting institutional logics can coexist at any time (Lounsbury, 2007), but only one gains supremacy in a given moment (Reay & Hinings, 2005).

Prior institutional research assumes that institutional logic is in place and governs a specific field in a given period. Various studies indicate that once an institutional logic has become institutionalised, it stabilises the general frame within which actors are living and working for longer periods of time, until it is challenged and replaced by another logic that emerges as a major competitor in the field (Reay & Hinings, 2005). This conventional conceptualisation of institutionalisation, referred to as “the staged model of institutionalisation”, seems to describe the tax consultancy field in many Western countries accurately. As introduced in previous sections, a commercial logic has ruled the tax consultancy profession since its inception. This was a relatively stable logic with values based on client orientation and profitability being well established. The tax consultancy arena has now seen the emergence of a new, ethically oriented responsibility that contests some of the extant values in the field, such as the supremacy of the client’s interests over society and the role of the tax consultant as a tax avoidance promoter. Despite the confrontation of these two conflicting logics in the tax arena, the shift towards the new logic should not be taken for granted. Whether or not the ethical logic will succeed in replacing the traditional, commercial logic in the tax consultancy field in the Western world remains uncertain and falls outside the scope of this study.

The staged model of institutionalisation, by which one logic follows another, does not seem to reflect Romania’s tax consultancy arena appropriately, and in the following we outline an alternative model of institutionalisation that better suits the tumultuous circumstances typical to Eastern Europe, where abrupt political change threatened the dominance of the extant logic and witnessed the “arrival” of new logics from Western Europe. This institutional terrain requires an understanding of how one logic eventually overrides the other and becomes institutionalised. As most of the Eastern European countries opted for a swift ideological change in the late 1990s, abandoning central planning for market-driven economies, we here mobilize conceptualizations of the variegated spread of neoliberalism (Peck and Theodore, 2007; Brenner et al., 2010) to build our argument. Specificities of the tax domain and tax consultancy in Eastern Europe prior to the collapse of communism in the late 1980s, and developments thereafter, assist us in our conceptualizations. We contend that this model is not limited to Eastern Europe but could be extended to other institutional fields undergoing rapid transformations, which unforeseeably disrupt the prevailing institutional logic and create space for new logics to become institutionalised.

Prior to the fall of communism, we could talk in terms of a dominant institutional logic in the tax domain, as argued below. Taxes were under the direct control and administration of state authorities, and guided by rules of central planning, so the amount of taxes² to be paid were dictated by the expenditure requirements of the state (Kodrzycki, 1993). Taxes were directly appropriated from enterprise revenues, frequently as a result of direct negotiations between central authorities and enterprise managers (Campbell, 1996; Kodrzycki, 1993). This is indicative of the revenue collection, state-driven logic during communism, where tax payments

² For the purpose of this study we limit the discussion to taxes applied to the business sector.

were an attribute of meeting the central planning targets set by state authorities. Given the totalitarian political regime, the revenue collection logic had no competition from other logics in the tax domain (at least in the business field). Commercial and ethical logics, as defined earlier in this study, were absent from the tax domains of the Eastern European countries in question during the communist era, due to the incompatibility of neoliberal ideological foundations with communist tenets.

The onset of transition was marked by the consensual desire of the new political elites coming to power in Eastern Europe to restructure planned economies in line with free-market principles³. In the tax domain, the entire tax collection infrastructure underwent a transformation. Tax is no longer a mere instrument for revenue collection but has started to acquire new connotations, such as a policy tool to (dis)incentivize business actors' market conduct. Emerging out of a neoliberalist spirit, the reforms initiated in the early 1990s in Eastern Europe created the premises for the emergence of the commercial logic, ideologically aligned with the new policies adopted. Tax consultancy was deeply ingrained in accountancy work for the first decade of transition, not emerging as a distinct profession until the late 1990s. The corpus of tax consultants that formed by the end of that first decade included those who acted as accountants in the early transition and were exposed to emerging practices, values and discourses associated with an accounting profession undergoing a process of reconstruction (Albu et al., 2011; King et al., 2001). Although the free market spirit appears to have become more dominant, the early 2000s, when the tax consultancy profession finally separated itself from accounting, also witnessed the emergence of the ethical logic in the West. The intense negotiation processes for accession to the European Union meant this logic also became more visible in many Eastern European countries, including Romania. Hence, this is a setting facing the arrival of two distinct, even conflicting logics in the tax consultancy arena, whose interaction occurs against a backdrop of historically embedded socialist values that dominated the history of the countries prior to 1989, combined with market-oriented reforms introduced in the early 1990s.

In such highly disruptive settings, competing logics arriving in a brief period of time in a new territory will draw upon and engage with extant structural and cultural practices in a struggle to achieve institutionalisation. Historically embedded structures intervene in shaping, adapting, constructing and reconstructing the coming logics in unforeseeable ways. There is indeed evidence that transferring practices and ideas from one setting to another, be it at the micro (organizational) or macro (societal) level, is not a simple process of replication but presupposes a great deal of experimentation, adjustment, failure, and retrial (Czarniawska and Sevón, 2005; Brenner et al., 2010; Peck and Theodore, 2012).

In the case of this study, if we think of the commercial logic as a transposition of neoliberalist practices in the tax arena, we can expect that it is not immutably instilled in new contexts such as those of Eastern Europe without facing resistance, struggles between advocates and opponents and, eventually, unexpected transformations (see Andrew and Cahill, 2017; Jupe

³ While great variety is observed among reforms initiated in Eastern Europe (see Ganev, 2005; Rogers, 2010), most of these countries subscribed to programs aiming to transfer state-owned enterprises into private hands, to liberalize prices, trade and reduce government spending.

and Funnell, 2015). As Mennicken (2010, p. 336) claims, although “largely inspired by Western discourses of neoliberalism and progressiveness, we should be careful not to take such discourses at face value and to assume that they are transplanted unchanged”. As shown in the prior literature, neoliberalist ideas are not advancing evenly across the globe (Peck and Theodore, 2007; Smith and Rochovská, 2007), despite their tendency to diffuse worldwide (Brenner et al., 2010; Simmons et al., 2008) and penetrate different practices (Andrew and Cortese, 2013; Birch & Mykhnenko, 2010) being an undisputed fact. This results in variegated forms of neoliberalist practices, and it is contended that their causes lie in “spatial and geographical unevenness” (Andrew and Cahill, 2017, p. 15) or in the micro-processes of reconstructing neoliberalism to make it tolerable in everyday practices and livelihoods (Smith and Rochovská, 2007). Indeed, there is evidence that even within the Eastern European countries substantial variation exists in how neoliberalist reforms unfolded and in the outcomes that came with them (Ganev, 2005).

Thus, the institutionalisation of diverging institutional logics spreading into new territories is a situated process, informed and nurtured by historically embedded values and practices but equally exposed to contestation and resistance (Mennicken, 2010; Cooper et al., 2010). Martinez-Vazquez and McNab (2000, p. 273) claim that “the cultural and institutional legacy of central planning has had a lasting impact on tax reform in countries in transition”. How two competing logics eventually manifest themselves in a new institutional arena, and how one ultimately imposes its supremacy over the other, is contingent upon the institutional practices within which they emerge.

Institutionalists emphasise the significance of undertaking multiple levels of analysis, such as the individual, organisational and institutional levels, in order to create a comprehensive picture of the dynamics and interplay between institutional logics (Herremans, Herschovis, & Bertels, 2009; Thornton & Ocasio, 2008). This study looks closer at these different levels as they manifest in the tax consultancy arena in Romania.

4. Approaching the tax consultancy field in Romania: data and methods

The previous studies relevant in this field are predominantly quantitative. However, this study relies on a qualitative approach that better serves our research objectives. The views expressed by the participants in the tax consultancy field have the potential to provide rich insights into shared values and everyday practices (Boll, 2014).

This study relies primarily on data collected through semi-structured interviews, as well as additional data, such as regulatory documents. This section introduces the data collected for this study and the method employed.

Interviews are an effective research method for data collection in situations where the views of a certain category of people are needed (Bodgan & Taylor, 1998). Interviews are best suited for this purpose because they generate empirical material that allows for in-depth explorations of human perceptions (Boll, 2014; Doyle et al., 2009). We conducted two series of interviews. First, we interviewed tax consultants in order to understand their perceptions of their

professional practices and the values that uphold their everyday activities. The target population was limited to tax consultants operating in Bucharest, either in accountancy companies or in firms that specialise in tax consultancy. Second, we interviewed tax inspectors working at the General Directorate of the Administration of Large Taxpayers (DGAMC) to understand their views on tax consultancy work.

The sample of tax consultants was constructed using a number of methods: requests were sent by e-mail, accounting firms were contacted by phone or Facebook and personal contacts were used. We employed snowball sampling (Berg, 2001) in order to identify additional suitable subjects for our research. This method relies on requesting interviewed participants to recommend other potential interviewees with appropriate skills to participate in this research. In our case, this strategy proved to be the most efficient in recruiting interviewees. The participation of the tax inspectors was made possible after obtaining permission from the general manager of DGAMC who also indicated several other suitable subjects.

The search for interviewees continued until a degree of theoretical saturation (Eisenhardt, 1989) was achieved (i.e., the interviews no longer yielded new prospects for research). The interviewees accepted our interview requests on the condition that their names and workplaces would remain confidential. Seventeen semi-structured interviews with tax consultants operating in Bucharest were conducted by one of the authors between January and March 2013. This is a reasonable number considering the sensitive nature of taxation (see Doyle et al., 2009). With regard to the tax inspectors, eleven semi-structured interviews were conducted between January and February 2015. Seven of the interviewees held management positions in the subunits of the DGAMC and the rest were primarily active in tax inspections.

The interviews lasted between 40 and 114 minutes and addressed a broad range of questions. Most interviews were recorded with the interviewees' consent. Three tax consultants did not consent, so notes were taken by hand instead. Appendix A provides more details about the interviewed tax consultants, Appendix B presents information on the tax inspectors and Appendices C and D describe the interview guidelines. The interviews were transcribed in full.

Given the sensitive nature of our research inquiry, and the organisational culture of secrecy prevalent in Romanian companies – a leftover effect of the country's communist regime (UNDP, 2007) – an indirect approach was adopted in the interviews with the tax consultants. The interviews addressed a variety of issues that were not necessarily within the immediate scope of our research, and emphasis was placed on the perceptions of the role of a tax consultants' everyday activities and their involvement with tax avoidance.

Finally, some additional data was used to understand the institutional settings in which the tax consultancy industry operates. We scrutinised documents that regulate tax consultancy, such as legal norms released by the Romanian state authorities and by the Romanian Chamber of Tax Consultants. We also briefly scrutinised articles in the media, which plays a major role in society (Ader, 1995; Terkildsen & Schnell, 1997). We looked at the online archives of two major business outlets with national distribution in Romania: *Ziarul Financiar* and *Bursa*. Both are aimed at businesspeople and are, thus, indicative of the business environment in which tax

consultants operate. We aimed to verify whether the pressures associated with the ethical logic could be identified in media texts. Therefore, we did not systematically or comprehensively examine media articles or their roles in the ethical logic; rather they functioned as background material.

We employed an interpretative, qualitative method to interpret the data (Bryman & Bell, 2007). First, we conducted interviews with tax consultants and conducted an initial analysis by reading the interviews and identifying the major themes discussed with the interviewees. In drawing up the interview guidelines, we selected themes that were familiar to us before the fieldwork began. Other themes emerged during the data analysis.

The analysis proceeded in several steps. The first round of analysis was initiated by summarising the interviews in an Excel file, which was used for further data processing. In this stage, we focused our attention on the interface between tax consultancies and internationally recognised tax avoidance methods, such as offshoring and transfer pricing. We were particularly interested in identifying common patterns related to how Romanian tax consultants assimilated tax avoidance. At this stage, mind-mapping supplemented our data analysis and provided the basis for reporting the research findings. Interviews with tax inspectors were conducted two years later, and we simultaneously skimmed media articles in order to identify whether tax consultants faced pressures coming from other societal actors.

In the data analysis process, we were interested in understanding how the profession emerged and developed in Romania. In this respect, it is important to note that tax consultancy emerged the decade after communism collapsed in 1989, while interviews were conducted 2013-2015. Thus, we rely on the interviewees' perceptions of how the profession developed in the early transition, which may have a degree of subjectivity. However, insights from prior literature examining accountancy profession in Eastern Europe complements interviews.

During the review process, we switched our attention towards the contextual elements of tax avoidance in Romania and explored how the features of Romanian society, which is struggling to balance its communist past with its newly claimed European identity, affects the tax avoidance dimension of tax consultancy. In doing so, the data was recoded using NVivo software. In this final round of analysis, we focused on coding the relevance of the Romanian societal context for the tax consultancy field.

The authors interpreted the data throughout the analysis process and then reflected once more on the theoretical aspects conveyed by the data. The next section introduces the Romanian tax system, after which the paper will turn to the results of the research analysis.

5. Insights into the tax system in Romania

Prior to 1989, revenue extraction in communist countries in Eastern Europe was levied on large enterprises, derived mostly from profit, turnover and payroll taxes (Easter, 2002; Martinez-Vazquez and McNab, 2000). The economy was concentrated in the form of a limited number of giant enterprises, and profit taxes were frequently the subject of direct, ex post negotiations

between central authorities and enterprise managers (Campbell, 1996; Kodrzycki, 1993), with rates of revenue appropriation as high as 85% (Campbell, 1996). Turnover taxes were collected on sales from producers to retailers and retailers to customers (Campbell, 1996), and differentiated by commodity (Martinez-Vazquez & McNab, 2000). According to Gandhi and Mihaljek (1992, p. 144), the composition of tax revenue in Romania in 1989 was: enterprise profit tax (26.2%), personal income tax (16.0%), turnover tax (34.7%), trade taxes (2.4%), and social security taxes (20.5%). The state apparatus involved in setting and collecting taxes from enterprises was minimal, implicating enterprise managers, bureaucrats in state offices, and the central bank, with the latter materializing the transfer of funds between accounts (Campbell, 1996; Martinez-Vazquez & McNab, 2000). All actors involved served the same owner, i.e. the state, which resulted in a non-adversarial relationship and the absence of the notion of non-compliance (Campbell, 1996).

The early transition reforms necessitated rebuilding the entire revenue collection infrastructure (Ganev, 2011). According to Ganev (2011), the tax domain lacked a trained corpus of civil servants that would know how and whom to tax, since under communism, taxes were materialized in direct appropriations from large enterprises.

At the time the transition started, the fiscal system was facing major pressure from budget deficits associated with shrinking budget revenues, where state-owned enterprises experienced economic hardship⁴ (van der Hock, 2008). Under communism, state-owned enterprises constituted the main source of funding for state budgets, and early transition was marked by a struggle for alternative sources to cover the budgetary deficit. A Value Added Tax (VAT) of 18% was applied in 1993, emulating models applied in Western European countries (Appel, 2006). Corporate income tax rates were maintained at a relatively high level in early transition, for example in 1992 the rate was 45% (Spengel et al., 2012). However, the state gradually diversified its sources of funds (e.g. foreign debt, structural reform funding from the International Monetary Fund), and formulated new policies that prioritized foreign direct investment and SME development, in an environment of fierce competition with other countries in the region (Devereux, 2007). As a consequence, corporate income tax was gradually reduced (e.g. 38% in 1995, 25% in 2003), culminating in the adoption of a flat rate 16% in 2005 which still stands today (Nechita, 2013). These developments are in line with those in Eastern Europe, where VAT was introduced in early transition and the flat rate corporate tax became popular in the late 1990s and early 2000s (Appel, 2006). According to Spengel et al. (2012), in Romania the flat rate tax was complemented by a reduction in the corporate tax base, by e.g. providing investment incentives and depreciation allowances. The same study claims the effective company tax burden decreased from 1992 to 2012 by almost 65%. Moreover, the tax burden was gradually shifted from business contributors to the populace, in stark opposition to the communist taxation model (Campbell, 1996; Appel, 2006), which taxed enterprises heavily rather than individuals.

⁴ Economic hardship was linked to the collapse of COMECON (The Council for Mutual Economic Assistance), a Soviet Union led organization that facilitated trade among the communist countries in the Soviet Union area. Reforms in early transition were further associated with erosion of tax base (Easter, 2002).

Integration with the EU community⁵ contributed to an alignment of tax arrangements with those in Western European countries (Drăcea, 2008; Appel, 2006; European Commission, 2006). The most significant taxes in Romania include direct taxes, such as corporate income tax and personal income tax; indirect taxes, such as Value Added Tax (VAT) and excise duties; and social contributions from employers and households (Directorate-General for Taxation and Customs Union (European Commission), 2016).

The tax structure in Romania follows a tendency that is prominent in Eastern Europe to collect large shares of revenue from indirect taxes (see Directorate-General for Taxation and Customs Union, European Commission, 2016, p. 21)⁶. This structure made Romania the third highest tax revenue from indirect taxes in 2014 compared to the other EU member states (Directorate-General for Taxation and Customs Union, European Union, 2016, p. 21). This preponderance of indirect taxes is explained by the fact that Romania has one of the highest VAT rates among the member states, raised from 19% to 24% in 2010, where it still stood at the time when the interviews for this study were conducted (Directorate-General for Taxation and Customs Union, European Commission, 2016, p. 23–25). The share of corporate taxes on profits in all revenues was just 5.6% in 2012 (Romanian Government, 2014, p. 22). In 2013, the personal income tax and corporate income tax, which account for most revenues in terms of direct taxes, maintained at the flat tax rate of 16%. The flat rate tax of 16% makes Romania the second most attractive location for business in the European Union, after Bulgaria, whose rate is 10%. The tax rate for social security contributions (i.e., pensions and health insurance) was 32.05% in 2013 (Consiliul Fiscal, 2014). This tax structure is highly regressive, featuring low corporate taxes and high personal rates. It shifts the tax burden away from business contributors, while the state budget is in great need of further resources.

There is a widespread perception that the tax system is complex, unstable and inefficient (Nechita, 2013; Tudose & Strapuc, 2015). This has been linked to the existence of a broad range of taxes introduced at different institutional levels, and to regulatory instability (Nechita, 2013). Frequent changes to fiscal code regulations have been criticized for their negative effects on corporate financial predictability (Badescu, 2010; Nechita, 2013). This in turn has created positive development opportunities for the tax consultancy profession, as the development of tax services worldwide has been associated with complex tax systems (Frecknall-Hughes & McKerchar, 2013; Marshall, Armstrong, & Smith, 1998; Schisler, 1994). Interviewees informing this research acknowledged the significance of these characteristics to the positive development of their profession in Romania. Fiscal instability has the potential to foster tax consultancy services because taxpayers have neither the time nor expertise to be continuously updated on the frequent regulatory changes.

The inefficiency of the tax system is reflected in the reduced level of tax compliance, which has been linked to two aspects. First, the size of the shadow economy is substantial due to the

⁵ Romania joined the European Union (EU) in January 2007, following a 12-year period where it was officially submitting its application for EU membership.

⁶ According to the Tax Council, 46.32% of revenues in 2012 were collected in Romania from indirect taxes (compared to the average of 33.08% in the EU27), 32.35% from social contributions (35.1% average in the UE27) and 21.32% from direct taxes (31.81% average in the UE27)

widespread use of illegal employment or ‘grey work’, especially among small and medium-size companies, which can be attributed to the high level of labour taxation, as well as the turbulent economic environment in post-communist Romania (European Commission, 2013). Consequently, tax evasion is still pervasive in Romanian society (Ministerul Finantelor Publice, Agentia Nationala de Administrare Fiscala, 2012). Second, efforts made by fiscal authorities to collect taxes remain inefficient (Consiliul Fiscal, 2012, p. 67; CASE, 2016). We could assume that tax consultants could have an important role to play in the process of tax contribution collection, as previously discussed in the literature (Jackson & Milliron, 1989; Klepper et al., 1991; Leviner & Richison, 2011). On the one hand, tax consultants could assist taxpayers with tax payments and even change their intentions to use tax evasion methods. On the other, they could work in collaboration with state authorities to increase tax compliance among taxpayers.

Tax collection rates have been low. The Romanian government’s net debt position, which is calculated according to the Maastricht methodology, fluctuated throughout this transition with about a 40% collection rate in 2013 (Eurostat, 2014, p. 41). While this rate is not particularly high, public services, such as health care, education and social welfare, remained underfinanced throughout the transition period to the present day. Additionally, the country is frequently referred to as one of the most corrupt countries in the European Union (e.g., European Commission, 2014; Gherghinescu, 2008) and this greatly affected the resources that are allocated to public services (World Bank, 2011). As a recent report from the European Commission points out: “Ineffective public administration and widespread corruption undermine service delivery and hamper Romania’s ability to implement structural reforms and draw on EU funds.” (European Commission, 2016, p. 11)

In conclusion, Romania appears to be an attractive jurisdiction in which to do business (Spengel et al., 2012), given its flat tax rate for corporate income. However, companies are faced with numerous inconveniences, such as high tax rates on labour, fiscal instability, and a complex regulatory framework. From a state budget perspective, multiple vital areas are in great need of funds, but the current contextual settings do not seem to facilitate tax collection. The role of tax consultants in such a complex contextual setting is thus worthy of investigation, as the consultants can make a difference to state budgets in terms of tax compliance and collection.

6. Institutional logics at play in the tax consultancy field in Romania

The societal context introduced in the prior section implies that the complex and bureaucratic regulatory system, with its numerous legislative loopholes and weak tax authorities, would create a favourable environment for the development of a commercially-oriented tax profession that benefits from the exploitation of tax avoidance schemes. In fact, a report from the European Commission (2016, p. 47) warns that: “Several features of the Romanian corporate tax system can be used in structures of aggressive tax planning. In particular, the absence of anti-abuse rules might risk creating an attractive environment for certain aggressive tax planning structures.” This, in turn, would reduce the chances for the ethically oriented logic to become strong in the Romanian tax consultancy field.

This empirical analysis identifies the presence of both institutional logics in the tax consultancy field in Romania and discusses them at length in the following subsections.

6.1 The commercially driven institutional logic of serving the client

Tax consultancy as a profession was non-existent under communism. It could be assumed that advice relating to taxation was deeply embedded within the tax apparatus and indistinguishable from other accountancy work, and essentially played the role of securing sufficient funds for the central plans to be met. As a profession, tax consultancy has only recently developed in Romania as an offshoot of the accountancy profession.

To officially recognise this newly emerging profession, the Romanian government introduced a legislative framework in 2001 to regulate the tax consultancy profession. The Chamber of Tax Consultants, the professional association safeguarding the interests of tax consultants in Romania, was established as a result. As in most Western countries, tax consultancy can be performed only by authorised tax consultants, meaning there is an authorisation procedure that is specific to tax consultancy and distinct from authorised accountants. Tax consultants become members of the Romanian Chamber of Tax Consultants upon receiving authorisation to practice. An Ethical Code of Tax Consultants was released by the Chamber in 2007 to govern the activity of all tax consultants operating in Romania.

The activities of tax consultants are now regulated in a similar manner as in many Western contexts where the business orientation governs the profession. On one hand, tax consultancy is a for-profit activity that is undertaken by individuals who are trained and legally recognised to be in the possession of specific professional knowledge. These experts work either as internal advisors in the tax departments of companies or as external advisors in accountancy and tax consultancy firms. On the other hand, the client orientation is ingrained in the legal norms and Code of Ethics of Tax Consultants that govern the Romanian tax consultancy field (Romanian Tax Consultants Chamber, 2007). For instance, Art. 5 (6) of the Code of Ethics of Tax Consultants states that *a tax consultant [...] is entitled to protect a client or employer's interest provided that the service is performed with professional competence and does not affect integrity and objectivity and that the opinion complies with the law*. Thus, from a juridical perspective, tax consultancy has successfully assimilated the commercial acumen of the profession in the same way as it manifests in Western countries.

The current analysis identified two major dimensions of the commercial logic, which are introduced below. We look at how these dimensions manifest in the context of the Romanian tax consultancy profession, and the role they play as part of the dynamics of institutionalisation processes.

6.1.1 The tax compliance dimension of the commercially driven institutional logic

Our interviewees claim that the tax function was separated from other accountancy activities in the late 1990s, because there was an acute need to assist clients with tax payments in a convoluted tax system where compliance was no longer a straightforward task. As a result,

some former accountants became specialised in tax matters, and worked either in the accountancy firm's newly-established tax department or established their own tax advisory firm. This is indicative of the profession having grown out of country-wide reforms to transition towards a market economy, as a consequence of new business actors being obliged to cope with a stuffy tax system. The authorities attempted to alter socialist practices and instil neoliberalist operating principles⁷, which resulted in a complex and frequently dysfunctional tax system that did not deliver well for either the tax authorities or contributors. According to Brenner et al. (2010, p. 208), market-oriented regulatory restructuring does not result in “some fully formed, coherently functioning, self-reproducing and ‘regime-like’ state of neoliberalism”; rather, it is full of contradictions, creates crises, reconstitutes and postpones problems, prompting further reforms and fixes. Indeed, the Romanian tax system was reconfigured around the divide between private and public property introduced after 1989, but this caused bureaucracy, complexity and instability:

In this financial, fiscal domain there's a whole range of regulations that don't endure over time. We have a system that's being continuously refined, not necessarily adding anything new but correcting something poorly executed [...] many people have worked with [legislative changes] and even within the same government there have been many regulatory projects, which is disconcerting for those that need to apply the law [...] my feeling is that many people from the financial, fiscal functions within firms are overwhelmed, they cannot be in control [of their taxes] [TC 10]

As the above citation indicates, the tax system is in a state of continuous readjustment; the adjustments give rise to new dysfunctions, which in turn call for further adjustments. This is in line with the prior studies stating that neoliberalist practices have a great capacity for resilience, being able to perpetuate the ideology even in circumstances where reforms constantly fail (Morales et al., 2014; Peck, 2010). Moreover, the revenue-oriented logic under communism, where taxes were deprived of their incentivizing role⁸, made the tax apparatus unprepared for the distortions and excessive tax burdens that may stem from new regulations and “increased the likelihood of flawed tax design” (Martinez-Vazquez & McNab, 2000, p. 275). Tax consultancy emerged as a tool to moderate neoliberalist reforms in the tax domain, which would assist firms in navigating the complexity of the new tax system:

In Romania, the biggest problem is actually understanding tax legislation and how to put it into practice, because it's very complex and there are many norms and laws, and, well, not everyone knows them. [TC 5]

The profession was shaped by the new, neoliberalist practices flirted with in early transition and associated with the resulting tax payment disruptions at the organizational level. In tax compliance work, tax consultants describe their role precisely in relation to the disruptive effects of a tax system searching for stabilization that fails to come. Taxpayers expect to feel

⁷ Tax reforms aimed to reconfigure the entire tax apparatus, in order to create the institutions able to calculate, tax, and verify the appropriateness of tax payments, especially in relation to private owners (Ganev, 2011).

⁸ Ganev (2011) claims there was no “taxpayer culture” in communist countries in Eastern Europe (see also Martinez-Vazquez & McNab, 2000).

secure regarding their tax liabilities and confident that tax inspectors will not have cause to challenge their tax position. In the post 1989 legislative jungle, a tax consultant's mission was to reassure clients that their tax matters are lawful and nothing will "come back later and bite [them] on the leg" (Doyle et al., 2009, p. 180):

Largely I think that clients' main concern is not to have headaches with taxes [...] this is what I maintain we all deliver, all tax consultants, and in particular me, peace of mind for the client that all problems are under control and there is no surprise [coming]. [TC 15]

Thus, a great deal of work is done to keep clients within the 'letter of the law' and prevent them from accidentally making mistakes with their tax payments. Such errors can easily occur from miscalculations or simply from insufficient knowledge of the tax legislation and its frequent changes. Moreover, as a legacy of its communist past, characterised by large power distance, Romania features an antagonistic tax collection climate (Kirchler, Hoelzl, & Wahl, 2008), with taxpayers treated as potential lawbreakers by tax officials, and a lack of trust between taxpayers and tax collectors (Stan & Medrega, 2014). Taxpayers greatly fear the possibility of committing errors on their tax forms because this could have undesired implications:

[Clients expect that] what they do complies with the law, they are paying what they have to pay and have not missed any tax, that tax forms are sent on time [to tax officials], and their accounting complies with the accounting norms. [TC 5]

While offering a fix for the new neoliberalist inspired tax system, consultancy in this domain draws on ideological resources similar to those that induced tax disruptions in the first place, i.e. the separation between forms of property and the formation of the private self. From its very inception in this local setting, the profession was conceptualized as commercial, aiming primarily to serve private interests, ensuring good tax compliance for the client and deriving profit for the consultant.

Our evidence is insufficient to state whether the development of compliance work as part of the tax consultancy profession in Romania was exclusively driven by domestic forces; or whether external actors were also implicated in transferring the practice from other settings. The prior literature had, however, already signalled from early transition the presence of Western experts in many domains, including accounting, working with local actors in constructing new local practices (Albu et al., 2011; King et al., 2001). Furthermore, some large accountancy firms established local subsidiaries also in the early years⁹, although as our interviewees also indicated, much of their work was restricted to auditing tasks. Thus, we could assume that new emerging practices taking shape in post-socialist Romania may have been partly informed by these non-local actors. Whatever the case, compliance work takes on different forms than in other countries in the West, as it becomes created and recreated by local institutional forces. Entrepreneurship is one such institution that emerged in early transition as a direct result of economic reforms, and it informs how compliance work is practiced in Romania.

⁹ For example, Ernst & Young has had a presence in Romania since 1992 and KPMG since 1994.

On the one hand, economic hardship faced by entrepreneurs in the turmoil of the transition contributed to a partial reconstruction of compliance work, from an activity to be performed on a regular basis to one that can be seen from the perspective of tax inspection events:

[The client comes to the tax consultant] when the inspection is ongoing. This is our big problem. There's no culture that you should come to the consultant before a problem [is discovered]. Usually, the client completes [their tax forms] as they deem appropriate. Inspection comes after three years and [the consultant] has to solve the problem. How can you solve the problem when it's [too late]? This is a big, big problem. [TC 6]

Distrust in public authorities¹⁰ combined with a tax system unprepared to face non-compliance¹¹ (Martinez-Vazquez & McNab, 2000) further adds to this phenomenon, causing businesspeople to “play a game” with tax inspectors. The likelihood of inspections being conducted is characterised by high uncertainty, so entrepreneurs make a trade-off between that uncertainty and their restricted financial resources, accounting for the fact that inspection might or might not reveal inadequate tax remittances:

From my perspective [as a tax consultant], these [tax compliance] products are absolutely necessary. Unfortunately, they're only perceived in terms of an additional fee. Businesspeople don't understand the value added by this service unless they get into trouble and then they come and tell us. [...] You can get bookkeeping services for 100 RON [Romanian currency], which doesn't even cover their consumables [...] and they think that I better pay 100 RON now and see then what happens when tax inspectors visit, which may occur in a year, or in two years, or in five, or maybe never. [TC 3]

On the other hand, a distrust of the public authorities is articulated in entrepreneurs' significant reliance on tax evasion, which in turn circumvents the need to resort to tax compliance work. Tax evasion is perceived as a simple survival tactic in times of economic instability, and we could interpret this as a form of entrepreneurial resistance towards the propagation of tax compliance practices.

In larger firms, tax compliance work was perceived as a necessity, and in this case, too, we can identify a new form of manifestation. Power distance between authorities and taxpayers combined with distrust of the former induced fear among these companies, who wished to ensure there was no accidental non-compliance. The tax compliance work of tax consultants was frequently used as a reassurance that unforeseen problems would be unlikely to arise, should there be a tax inspection. Thus, tax compliance work took on different forms and became differentiated between larger companies, who frequently use tax consultancy as a second opinion to support the work of their internal tax staff, and smaller firms, who see it as an emergency action to rescue themselves from conflicting situations. These forms may not differ substantially from those identified in the prior literature, where compliance work is

¹⁰ Martinez-Vazquez & McNab (2000) claim that a lack of trust in state institutions is due to the state's inability to deliver wellbeing during communism, and is thus a legacy of the communist past.

¹¹ Also a legacy effect: there was no concept of tax non-compliance under communism, as state institutions basically drove the processes of value creation, collection and distribution. Thus, tax non-compliant behavior was a new phenomenon, and there was no legal and institutional infrastructure to cope with it.

frequently seen as a source of comfort for clients (Sakurai & Braithwaite, 2003; Tan, 1999). It does, however, offer a reconstruction of their manifestation in Romanian settings, caused by a combination of historically institutionalised structures and emergent forces during transition.

It was clear how the compliance dimension of tax consultancy emerged out of the necessities of the local context, in circumstances where the tax domain experimented with various market-oriented practices. We could notice processes of reconstruction of compliance work in the interplay between the consultancy profession and the local factors. Economic hardship and different legacies of the past intruded on processes of shaping compliance work in this local setting, resulting in forms of manifestation that are distinct from other settings.

6.1.2 The tax avoidance dimension of the commercially oriented institutional logic

This section examines how the tax avoidance dimension of the commercial institutional logic manifests in the context of Romania, and we show how in travelling from Western settings to this country it takes on new, variegated forms.

The literature has exposed some of the frequently applied tax avoidance instruments: offshore facilities, transfer pricing and various international financial schemes that have been created for the purpose of transferring profits between jurisdictions with tax rate differentials (Hansen et al., 1992; Sikka and Willmott, 2010; Sharman, 2005; Ylönen and Laine, 2015). These methods have received a lot of attention from governmental and non-governmental actors worldwide, but we can see a different picture being portrayed in Romania. Services designed to optimise clients' tax invoices are referred to as 'tax optimisation' (in Romanian: 'optimizarea taxelor') by our interviewees, compared with labels such as tax planning or tax management used in Western countries. Our empirical material suggests tax avoidance instruments used in the West are known among Romanian tax consultants, but their use is restricted mostly to the big, multinational tax consultancy firms, who offer their services to large clients, while small, locally based consultants seemed to use them far less. For the former, the use of tax avoidance tools, such as offshoring and transfer pricing, is frequently linked to the international network in which the firm operates:

In general, I think [optimisation] is at the level of large firms, which use large tax consultancy firms. Because, usually, in optimising taxes [...] this is done when there's a large group of international companies located in different tax jurisdictions. That's when indeed you can design your business so that you have some revenues in one country and some in another country and you get some benefits from tax rates, which are lower in some countries and higher in others. [TC 5]

This is indicative of the fact that (at least some of) tax avoidance practices in tax consultancy originating in contexts other than Romania have spread through channels such as multinationals and the Big4, as prior studies have also suggested (Egger, Eggert, & Winner, 2010; Rego, 2003).

We, however, identified other practices that permeated further among tax consultants than the international methods mentioned above. Among these are the choice of legal form through which to conduct an economic activity, which can greatly affect the amount of taxes to be paid. The methods for registering an economic entity in Romania include: the PFA (Persoana fizica autorizata – corresponding to an authorised person in English), SRL (Societate cu raspundere limitata – a limited liability company in English) and SA (Societate pe actiuni – similar to a joint stock company in English). The PFA is the most frequently used method, especially for small firms, because it has favourable tax rates compared to other legal forms. Likewise, companies can benefit from significant employee-related tax savings, for example by classifying an employee as a legal non-employee under a contractual agreement (i.e., as an independent entrepreneur offering services to a company) rather than an employee who actually works for the firm:

Taxes on labour, on wages are very high. To pay 100 RON [salary] to an employee, I should pay 80 RON to the state. Maybe I can 'dress' [the employees] as being independent, to transfer them to a PFA zone so that part of the personnel will no longer work as employees but based on legal agreements. [TC 10]

While it is impossible from our dataset to draw conclusions about where these methods originated, in a similar fashion to tax compliance services, we note the presence of foreign actors in the Romanian accountancy market from early transition. We could assume these professionals actively pursued the production and reproduction of practices aligned with their ideological inclinations, thus facilitating the spread of market-based institutions to this country. The phenomenon of the Western accounting profession and its associated values, tools and technologies expanding to new settings has been identified in the prior research (Boussebaa, 2015; Neu et al., 2006; Neu & Ocampo, 2007), and these studies are quick to comment that this results in a dissemination of neoliberalist and capitalist ideas. In particular, the role of private consultants and advisors as promoters of a neoliberal agenda has been acknowledged (Jupe & Funnell, 2015). It may, thus, be that foreign professionals were implicated in the replication and adoption of tax avoidance techniques but, in facing the challenging circumstances of the local context, the techniques underwent reconstruction in the new context, in accordance with the variegated thesis of neoliberalism (Peck and Theodore, 2007; Brenner et al., 2010). In respect to this, we noted that innovation and creativity in designing new tax products are highly valued among multinational firms providing tax consultancy services:

[A good tax consultant should] not only solve the problem [...] that the customer described [...]. He should really be a step ahead and anticipate what can help the customer avoid a problem or benefit from an opportunity that [the customer] didn't see, and be a step ahead of her. [...] We even have an action plan service standard, which says just that; that we have to exceed the customer's expectations. She comes with one problem and [the consultant] solves many more or shows her where she could make improvements that she didn't think of at all. [TC 15]

In addition, we identified a proactive attitude on the part of large, foreign-based consultants, who regularly organise seminars and meetings for companies to promote optimisation ideas and attract potential clients:

There are all sorts of meetings with businesspeople from different fields, in which [tax] consultants have the opportunity to introduce their offers. Consultants are very active in debates, including in the mass media. [TC 13]

It is also possible that the “local” methods of tax avoidance emerged out of the tumult occurring in transition, causing entrepreneurs to search for ways to cope with a stuffy and overwhelming tax system. Very likely though, a combination of both factors (i.e. the local context and foreign consultants) may have shaped the new tax avoidance practices emerging in the Romanian context.

But the institutionalisation of tax avoidance practices in the new setting should not be taken for granted. We observe an interesting interplay between diverse factors acting in the Romanian tax domain, which on one side act as intervening factors posing challenges for tax consultants in their attempt to practice tax avoidance, while on the other side facilitate such practices.

For instance, the complexity and ambiguity of the tax legislation, which spurred the emergence of tax consultancy in the first place, appears also to discourage the use of the profession’s tax avoidance dimension:

[Optimisations] are rare, because, as I told you, we first have to know the legislation and then comply with it. And the legislation changes from one day to another. To be able to optimise, you need a stable legislative framework and [be able to] make choices towards some particular tax area. And it can be good to be in some [specific] tax area today [when taxes are low], but tomorrow it may be more expensive and then all the efforts are useless. [...] There’s this type of [optimisation] consultancy but it seems to me that it is less used. [TC 10]

Some would say that Romania would be a heaven for consultants, given the interpretable and confusing legislation, but it’s not like that. You can’t really implement tax management, [because] here you need to struggle with the legislation, the solution you give [to the client] to be the right one, [in order] to avoid having problems. [TC 13]

The prior research noted that the dissemination of neoliberalist ideas into new contexts does not occur without resistance, which contributes either to a failure to assimilate the new practices or to a transformation of their forms of manifestation (Adhikari et al., 2013; Andrew and Cahill, 2017; Barthold, 2018; Mennicken, 2010). Andrew and Cahill (2017), for instance, show how actors can engage in practices of resistance to neoliberalist reforms, and claim that such acts have the potential to explain why neoliberalism spreads unevenly in different settings. In our case, opposition is not overtly expressed but the very same institutions created by the emergence of a market-oriented economy are those involved in processes of resisting the newly emerging tax avoidance “prescriptions”.

In particular, the nature of tax regulations, complex and ambiguous, inhibits the spread of tax avoidance practices originating outside Romania because it forces consultants to be attentive to compliance work rather than dedicating their attention to the development of tax avoidance technologies. An unstable legislative framework necessitates greater work for consultants in order to update themselves with frequent changes and it also reduces fiscal predictability, deemed a precondition for any successful tax planning. Furthermore, there are instances where tax avoidance is circumvented altogether by businesspeople, who prefer to replace it with tax evasion practices. This occurs in the case of small entrepreneurs, whose business activities are marked by economic hardship and for whom tax consultancy is a service they cannot afford. Entrepreneurship is one of the new institutions created in early transition, and the expectation would be that as a key neoliberalist institution it should be a good match with the tax avoidance phenomenon. However, this is not the case in our local setting, due to intervening factors that discourage the spread of tax avoidance.

However, there are other institutions that act as facilitators for the spread of the tax avoidance dimension of tax consultancy. In particular, state institutions in charge of public spending are frequently referred to as instigators of tax avoidance because of their inability to respond to citizens' expectations and properly meet their needs in public services provision. Corruption is blamed in this respect and justifies, in the interviewees' opinion, the use of tax avoidance in consultancy services:

If the state comes and tells me 'We need this money and we choose how to use it, it's my problem, not your problem', I as a tax consultant go to my client and tell them that 'in this particular case, you pay more money [as taxes], in this other case, you pay less money'. Right? I can't tell them 'look, these taxes will come back to you as parking places, or as this or as that' because the state doesn't do [anything], it gives no guarantee. [TC 8]

Likewise, the dysfunctionalities associated with the tax system frustrate businesspeople and contribute to an easy cognitive acceptance of improper tax conduct, in a similar manner as suggested by Richardson and Sawyer (2001). VAT is one such example. Interviewees complained that VAT reimbursement by the state involves a long delay that interferes with business affairs by inducing cash flow shortages among companies:

As a VAT expert, I think about VAT – how to structure sales transactions so that you don't get a VAT burden. Even if it's a question of cash flow, in Romania it's quite big [the loss of cash flow], because VAT reimbursement comes late. So [you need optimisation] to be efficient and not use cash for a tax, which is reimbursed in the end but it takes too long to get the money back. [TC 14]

Our analysis suggests that norms and practices associated with the profession in the West are not easily transposed to other local contexts, since various economic or social factors intervene in the process (see Belal et al., 2017). Established Western methods, such as offshoring or transfer pricing, are mostly employed by multinationals, while Romanian firms tend to use local 'products' for tax avoidance. Thus, while the tax avoidance dimension of the commercial logic has been well assimilated into the professional approach of tax consultants, it has a

uniquely Romanian flavour. Yet, tax avoidance plays a limited role in the everyday activities of tax consultants. While it is being accepted and integrated gradually into the professional acumen of tax consultancy in Romania, the tax avoidance dimension of the commercial logic has fewer possibilities to optimise taxes, compared to other countries.

6.2 The ethically oriented institutional logic

Different actors, such as the media, NGOs, community groups and tax officials, promote the ethically oriented logic. This section begins by introducing the pressures that have emerged in Romanian society, which attempt to reshape the purpose of the tax consultancy profession in a way that abandons the tax avoidance dimension and fully embraces the tax compliance dimension. For this purpose, we focus on tax inspectors as exponents of societal pressures, while acknowledging that other societal actors could have been examined. Then, we analyse how representatives of tax consultancy profession perceive these pressures.

6.2.1 Pressures towards adopting an ethically-oriented logic

The seeds of an ethically oriented institutional logic in tax consultancy are visible in Romanian society, as articulated by various actors, such as the media and tax inspectors. For instance, media articles are published regularly on tax avoidance and voice concerns about the violation of ethical principles in tax practices. This likely corresponds to the intensification of media exposure of multinationals and their tax avoidance practices in Western mass media (Dowling, 2014; Doyle et al., 2013), since the Romanian press is well connected to the news in the West. Quotations below describe the hostile attitude of Romanian media towards tax consultants who facilitate tax avoidance, which denotes a preference for the values supported by the ethical institutional logic:

A whole industry of accountants, intermediaries and other well-paid employees helped [business] owners conceal their identities and business interests. (Bursa, 5.04.2013)

Despite all the leakages of information and EU proposals, tax consultancy firms continue to create new 'discretionary structures' that allow the rich men and large companies to carry on with their old habits of paying only a small amount of tax or even nothing at all. (ZF, 8.01.2014)

This study focuses on tax inspectors and their attitudes towards tax consultancy. Elements of the ethically oriented logic of the tax consultants' role in society were clearly identified. Media articles on high profile cases of tax avoidance, such as Google and Amazon, may have ingrained in tax officials an aversion towards tax consultancy, indicating that the Western ethical logic travels to the Romanian context.

The ethical logic was articulated by tax consultants in two key ways. First, one manifestation of the ethical logic was reflected in a negative perception of tax avoidance, which is seen as a practice that damages state budgets. Tax inspectors were aware of the various financial schemes employed primarily to reduce tax invoices but, in general, they disliked them

profoundly. Moreover, tax avoidance practices were frequently linked to the tax consultancy industry, as the quotation below indicates:

Tax optimisation is a polite term, to put it this way, for avoiding the payment of income tax, profit tax and [other taxes] [...] I would prefer the term evasion [...] If it wishes to optimise taxes, a firm calls a consultant, who is specialised in this field. Our job is to work on countering these tax optimisations, to find schemes applied by consultants and to bring more money to the state budget. [TI 11]

Tax inspectors also made it clear that tax avoidance is mostly employed by large companies that operate in multiple jurisdictions and are financially capable of paying for tax consultancy.

Second, the ethical logic was expressed in tax inspectors' expectations that tax consultants would refrain from tax avoidance and, as a profession, would limit their role strictly to tax compliance practices:

The idea is that both the consultants' role and our role is to make taxpayers in this country pay taxes correctly. [TI 3]

[Abroad] the role of the tax consultant is purely to explain, not to provide an interpretation. [...] And their role is also to represent the taxpayer in their relationship with tax authorities. But not to provide interpretations and things like that. Okay, [a tax consultant should] explain to tax officials: look, these are the duties of taxpayers, which were accomplished or not. But that's all. While here [in Romania] ... [tax consultants] INTERPRET. [TI 1] [interviewee's emphasis]

Tax inspectors' interpretations of tax avoidance may reflect a shift towards an ethical institutional logic in the tax consultancy arena, largely induced by media coverage of the tax avoidance phenomenon. Simultaneously, it may also indicate the persistence of ethical expectations on the part of tax inspectors towards businesses, as a legacy of the communist past. The expectation for tax consultants to behave in the spirit of the new logic is also directly conveyed, particularly in circumstances of face-to-face interactions between the two. Such interactions occur frequently, especially in tax inspection settings where tax consultants aim to settle disputes for their clients.

6.2.2 Tax consultants' ignorance of the ethically oriented logic

Tax consultants appear to feel the pressure of the ethical logic to which they are exposed during their dialogues with tax inspectors. In their view, tax avoidance practices are treated suspiciously in tax inspection settings where tax officials carefully examine their documentation. As many tax consultants revealed, the simple use of an offshore by a company leads to mistrust about the legality of the operations being examined:

[Tax inspectors] consider [offshoring] something illegal. This is because of the press, [...] and because it's not well understood what an offshore is. [TC 4]

The largest part of the tax apparatus, of tax inspectors, think in this way. Tax avoidance, they equate it with tax evasion, which is not true. [TC 12]

The media's pressure to redirect the tax consultancy profession towards the new institutional logic was also felt quite strongly by interviewees who participated in this research. Offshores, for instance, proved to be a sensitive topic and the media were frequently criticised for portraying this issue inadequately:

The media is a load of bullshit! I haven't found any broadcast or very few that invite experts in the field. The media want blood and a circus. [TC3]

The offshore problem is again poorly understood in Romania... and abroad maybe... it needs to be properly understood. [...] Basically, if you mention you have an offshore, it means to any Romanian that you are stealing. But it's not only... For me, the purpose of an offshore is very clear. The purpose originates from the shareholders' need to protect the money they earn. [TC 4]

Elements of a Western interpretation of professionalism, where expertise and legal regulations play a key role in defining what is and is not appropriate in the work of tax consultants, were exhibited by the interviewees. Deeply embedded in their values, their professional vision defined tax consultants' interpretation of tax avoidance, and played a role in divorcing them from ethical connotations concerning their work. Indeed, drawing a clear distinction between what is ethicality right and legally permitted was a challenging exercise for interviewees:

Are [tax avoidance practices] ethical? Yes, as long as [taxes] are paid according to the law. [TC 11]

Since [tax avoidance practices] are legal, of course they are ethical. [TC 12]

When ethicality was acknowledged as a distinct notion, the emphasis was still placed on lawfulness, as the only viable approach from a business perspective:

From the state's perspective [using offshores] is not fair because the state loses money. From a company's perspective, as long as there are some legal requirements in force at some point in time, and those legal instruments permit it, I don't see any problem. So, I really don't see any problem from this perspective. [TC 8]

This is in line with prior research identifying lawfulness as a guiding principle for the tax consultancy profession in Western countries (Doyle, Frecknall-Hughes and Summers, 2014). Legislative harmonization with the European Union played a role in institutionalising this vision of tax consultancy in Romania, as reflected for instance in the ethical code that emphasises the legal aspect (Romanian Tax Consultants Chamber, 2007):

Art. 3. (1) In their conduct and attitude to the tax laws, the tax consultant has to ensure and contribute to compliance with legal norms in the tax domain.

Despite the legal approach to professionalism undermining the dissemination of the ethical logic, the socialist vision that governed the economic space for over four decades might still

have been expected to be present to some extent in the business world. This could have had the potential to nurture the development of the ethical logic. Romania, like many countries in Eastern Europe, was an exponent of the centrally planned economy, in which private ownership and the pursuit of profit were discouraged and even repressed (Padelford & White, 2010). However, the expectation that remnants of the socialist political economy would continue to have an effect in the post-communist business world proved to be optimistic, as we could not identify perceptions in line with such values. This may be because, as Chelchea & Druță (2016) claim, political elites in post-communist countries used the negatively laden “ghost of state-socialism” to advance the neoliberalist agenda and discipline society along its key programmes, thus preventing reminiscences of the past finding a legitimate place in the business world. What we found in our study was that the political elites did indeed delegitimize the ethical logic, but did so in a different manner. Corruption and state capture affected the image of politicians and official institutions, and because they did not secure proper public services for citizens, they became distrusted by many societal constituents. Tax consultants were no exception. Making any effort to assist governments in tax collection was then both irrelevant and futile, and interviewees commented they would rather encourage companies’ voluntary involvement in society. Actions demonstrating social responsibility, such as donations, were valued more than any successful tax collection by an irresponsible government:

Rather than throwing money out the window by correctly applying the legislation, charity actions are better. And large companies are usually involved in charity actions. [TC 13]

Taxes never... at least not in Romania, and our experience with Romanian administrators [shows it], [taxes] will never get [to support societal needs]. At this moment, I do not trust, maybe it's my personal perspective, I do not trust that those monies will get to where they should. [...] A firm can, if it wants to [support society], it can do it on its own [through charity]. [TC 14]

Hence, government’s misuse of taxes legitimated tax avoidance practices and created “peace of mind” to continue promoting such practices in the Romanian business setting. Given these findings, it is no surprise that ethical values were met with resistance. Thus, our empirical exploration indicates few signs of the ethical logic permeating the everyday activities of consultants in this professional category.

7. Discussion

This study examined the dynamics of the institutional logics guiding the field of tax consultancy in Romania, a country that stands somewhere between Western and non-Western countries in terms of social, political and economic settings. Romania, which continuously struggles to balance the institutional remnants of its historical communist past with (frequently opposite) Western values, offers a useful battleground to examine how the commercial and ethical institutional logics compete with each other. In such a setting, affected by profound transformations, both the commercial and ethical logics would have equal opportunities to gain ground. Such countries may, in fact, be in a better position to advance the values of an ethical

logic in the tax consultancy field than are Western countries. Free markets and profit maximisation have only recently been promoted in these societal settings, while values associated with collectivism and social wellbeing have deeper roots in the governing systems. The legacy of the communist past could have had the potential to thwart the expensiveness of the commercial logic and facilitate the easy acceptance of the ethical logic in the tax consultancy arena.

The results of this study indicate that the current tax consultancy domain is commercially oriented, indicating the spread of the main tenets on which the profession rests in the West into Romania. The process of market liberalisation with which the political elites eagerly engaged in early transition contributed to this. Furthermore, the legislative harmonization that Romania underwent in its efforts to integrate into the European Union is a factor that resulted in a process of emulating similar practices in the tax domain, including tax consultancy. However, of the two dimensions of the commercial logic, tax compliance appears to prevail, while tax avoidance plays for the moment a marginal role in tax consultants' work.

The ethical logic also travelled to this geographical setting but we could only identify it in the public sphere, articulated for instance in media discourses or in the mindset of certain actors, such as tax inspectors. There were no signs of any manifestation of this logic in the tax consultancy domain, which may be explained by the ideological grounds within which the profession emerged, enforced by regulatory norms and professional standards governing the activity. The values of this logic were perceived to be remote from the tax consultants' professional mindset, which supports similar findings in the prior research conducted in Western countries (Doyle et al., 2009; Hansen et al., 1992)

The dominance of the commercial logic in conjunction with a failure of the ethical logic to put down roots in Romania may be unsurprising in itself, as "waves" of neoliberalist reforms have been shown to propagate across the globe (Brenner et al., 2010; Simmons et al., 2008). However, the interaction between the unfolding surge of neoliberal ideas and the local contexts has been treated differently in academia. Some argue that neoliberalism is a disciplinary hegemonic force that eradicates and replaces local discourses or practices (Geisinger, 1999; Goldman, 2007), but in so doing ignores the agency of local actors (Chiapello, 2017, p. 52). A closer look at this interaction shows a more dynamic and nuanced picture, revealing struggles, compromises, slippages and resistance, as the prior studies indicate (Andrew and Cahill, 2017; Belal et al., 2017; Cooper et al., 2010; Neu & Ocampo, 2007; Smith and Rochovská, 2007). We contribute to this stream of literature by offering insights into the tax consultancy field in Romania and showing how the spread of the commercial logic was not a smooth, effortless process but encountered variations, adaptation and resistance. Indeed, Peck and Theodore (2007, p. 742) describe "the subsequent failure of spontaneous competitive forces to animate functioning 'markets' in post-Socialist economies", indicating that reforms along free market lines in this setting are not unproblematic.

We observed how the commercially-driven logic, while largely embracing the two major forms common in the West, is subject to processes of resistance and reshaping, which assign new meanings. The tax compliance dimension plays a significant role in the practices of tax

consultants, being the most solicited service, yet remains marginal in the Romanian business environment. We noted how this service differentiates between the large companies, where it manifests in the form of second opinions to ensure that legal compliance is not accidentally breached, and the small entrepreneurs, who either resist tax compliance practices or accept it as a form of redemption in tax inspection. Tax avoidance is practiced even less, being associated primarily with large, foreign-based consultancy firms. These practices, too, are subject to adaptation and transformation. Widely known tax dodging methods, such as offshoring and transfer pricing, gain hardly any traction in the local consultancy arena, and are mainly practiced by multinational companies already knowledgeable in these methods, who also expect tax advice that includes them. Instead, there are a number of 'local' tax avoidance methods being applied to varying degrees. The ethical logic manifested in forms that did not pose a threat to the commercial logic, constituting mainly "background noise" for tax consultants, in a similar manner as in Western countries where firms would, at best, limit themselves to the adoption of a risk management approach (Doyle et al., 2009).

It is certain that the characteristics of the Romanian business environment, marked by widespread corruption and state capture (European Commission, 2017), complicate the implementation of the commercial logic and other practices associated with a neo-liberalist agenda. Indeed, these factors have been identified in the literature as discouraging tax payments (Alm & Torgler, 2011; Ballas & Tsoukas, 1998; Smatrakalev, 1998; Vaguine, 1998) and whether or not there is any duty to pay taxes to a corrupt state remains contested in the literature (see McGee, 2006). In these cases, taxpayers frequently consider tax non-compliance legitimate and the state is deemed an immoral actor responsible for the very existence of tax avoidance (McGee, 2005; McGee, Ho, & Li, 2008). These factors, correlating with the bureaucratic and unsteady nature of tax systems in Romania, add complexity to the business environment in which the commercial logic looks to take root. Thus, apparently encouraging reforms in a neoliberalist vein, Romanian state institutions have, simultaneously, largely undermined their applicability, as the confusing, complex and unstable legislation and corruption resulted in an unpredictable business environment that impedes free markets and businesses in pursuing their goals. The contextual effects are equally ambiguous for the tax consultancy arena. While the legislative complexity facilitates the development of tax consultancy, it also constrains the kind of services that can be offered to clients. Most importantly, the ethical logic is deprived of its potential to gain ground in this country. Taxes are no longer associated with societal wellbeing and for tax consultants lose their societal relevance. The consultants are thus freed from any potential psychological discomfort emerging from unethical practices.

Hence, if the ethical logic is to impose its vision on tax consultancy, the field must inhabit a stable and trustworthy institutional environment. Moreover, self-regulation should be more specific on the relationship between tax compliance and tax avoidance, since the regulatory framework governing tax consultancy work is weak in terms of establishing norms related to the use of tax avoidance in advice given to clients. In particular, the undesirability of tax avoidance should be linked to the professional values of the tax consultancy industry. Tax avoidance is barely specified in self-regulatory documents, such as professional codes of conduct, and refraining from tax avoidance falls outside of the set of values endorsed by tax

consultants. In fact, values upheld by the tax consultancy profession (e.g., integrity and impartiality) remain vague in terms of their ability to guide tax consultants.

Our study employed a deductive approach to analysing the data, which may have affected our interpretations. In particular, such an approach may have prevented us from exploring in greater depth views that did not easily fit our predefined theoretical concepts. While this limitation may have prevented alternative theoretical paths from being explored, we have paid significant attention to the contextual nature of our data, which allowed us to enrich the discussion on our chosen theoretical perspective.

Our study opens up multiple avenues for further research. While our research is exploratory in nature, we believe more rigorous and theoretically informed studies are needed to examine the institutional environment, which defines tax consultancy and its role in contemporary society. Professional standards, regulatory frameworks, business and political environments, societal norms and values all play a role in making tax consultancy what it is today. Examining these formal and informal institutions in various societal contexts would be useful, not only for understanding how tax consultancy works, but also to assist governmental and non-governmental organisations in fighting tax avoidance products that are promoted by the tax consultancy industry. Thus, we call for more qualitative studies, which have been largely absent in the tax consultancy research. These studies have great potential to explore the rich details of everyday practices employed in the tax consultancy industry (Boll, 2014; Doyle et al., 2009). We also believe it would be beneficial to examine how other societal actors, such as state agencies, companies, tax inspectors and even individual taxpayers, think about tax avoidance products and the public role of tax consultants. This would create a more comprehensive picture of the expectations that society places on tax consultants. Finally, our study calls for further conceptual research into factors affecting institutionalisation in circumstances where two or more divergent institutional logics contradict each other in an emerging institutional field where values that were formerly taken for granted do not exist.

8. Conclusion

This study shows that expecting tax consultants to adopt an ethical logic is unfeasible even when the commercial logic is not (yet) institutionalized. On the one hand, neoliberalist values proved powerful in spreading in nations outside the Western world (Brenner et al., 2010; Simmons et al., 2008). This facilitates the emergence of the commercial logic and weakens the potential of the ethical logic to gain ground in those settings. On the other hand, non-Western countries are frequently affected by widespread corruption, state capture and suffocating bureaucracy. This brings variety, and even resistance, to the dissemination of neoliberalism and results in different forms of manifestation for the commercial logic. Simultaneously, however, such complex societal contexts do not favour the development of an ethical logic in the tax domain, because there are feelings of distrust related to how the state uses taxes paid by contributors. This shows that institutional fields, such as the tax consultancy one, do not exist in isolation from the broader societal context. On the contrary, contextual factors can intervene and have material effects on values upheld or practices used in an institutional field. As various

institutionalists have noted, institutionalisation functions at different levels – organisational, societal and individual – that are intrinsically connected (Haveman & Rao, 1997; Thornton & Ocasio, 2008). Thus, attention needs to be paid to all levels if institutionalization of a new logic, such as the ethical one in the tax domain, is to occur.

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Appendix A. List of tax consultants interviewed

	Company	Interviewee’s position	Date	Duration (mins.)
1	Local firm	Owner/manager	16.01.2013	40
2	Local firm	Owner/manager	16.01.2013	40
3	Local firm	Owner/manager	21.01.2013	60
4	Foreign firm	Tax partner & shareholder	21.01.2013	80
5	Local firm affiliated with an international network	Partner	22.01.2013	60
6	Local firm affiliated with an international network	Tax Adviser & (co-?)owner	22.01.2013	45
7	Big4	Tax practitioner	22.01.2013	40*
8	Big4	Senior tax practitioner	25.01.2013	70
9	ex-Big4 (10 years)	Senior Tax Manager	29.01.2013	80*
10	Local firm	Tax Manager	30.01.2013	114
11	Local firm & ex-Big4 (4 years)	Co-owner, General Manager	06.02.2013	72
12	Foreign firm	Partner	07.02.2013	50
13	Big4	Partner	21.02.2013	60*
14	Big4	Tax Manager	27.02.2013	60
15	Big4	Partner	05.03.2013	60
16	Big4	Senior Tax Manager	20.03.2013	50

17	Big4 (3 years' experience in another Big4; 5 years as a tax inspector)	Senior Tax Manager	20.03.2013	80
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Table A.1. Tax consultants' type of organization, position, date and duration of the interview

* Not tape-recorded

Appendix B. List of tax inspectors interviewed

	Interviewee's position	Date	Duration (mins.)
1	Head of department*	20.01.2015	51
2	Tax inspector	20.01.2015	63
3	Head of department	21.01.2015	54
4	Head of department	21.01.2015	34
5	Tax inspector	21.01.2015	71
6	Head of department	3.02.2015	74
7	Head of department	3.02.2015	74
8	Head of department	3.02.2015	61
9	Head of department	4.02.2015	55
10	Tax inspector	4.02.2015	44
11	Tax inspector	4.02.2015	41

Table B.1. Tax inspectors' positions, date and duration of the interviews

There are multiple departments in the General Direction for Large Contributors' Administration. Each department is in charge of a specific sector, such as banks.

Appendix C. Interview guide for tax consultants

- Interviewee background: position in company, experience.
- Meaning of 'taxes'; explanations.
- Efficiency of tax consultants? For whom are they working?
- Clients' expectations of a good tax consultant.
- What is tax avoidance?
- Are tax avoidance practices needed for companies? If so, why?
- Where does the need for tax avoidance originate: Client requests? Tax consultants' advertising?
- Relationship between headquarters and Romanian branch. Where tax avoidance products originate? Standard vs. locally tailored products. (For large multinational tax consultancy firms.)
- Is tax avoidance desirable (reference offshore, transfer pricing)? Legal? Legitimate? Ethical?

- Romania as a business environment for tax avoidance practices. Are taxes easily optimised? Which ones?
- TCs' views on their relationship with tax inspectors. Their views on the relationship between tax inspectors and companies.
- Describe specific cases of TCs' consultancy.
- Give examples of tax avoidance products.
- Perception of tax avoidance by tax officials.
- Tax responsibility vs. profit maximisation.
- Tax avoidance products offered to clients.
- Risks associated with tax avoidance products.
- Criteria for suggesting a particular tax avoidance product.
- Most efficient tax avoidance products; why?
- How tax optimisation is enacted? Restructuring business activity? Creative accounting?
- Problems encountered in using tax avoidance products (e.g. conflict with tax officials).
- Legitimacy/desirability of recent worldwide anti-tax avoidance developments (e.g. OECD)?

Appendix D Interview guide for tax inspectors (includes only questions relevant to this study)

- Interviewee background: position, experience
- Meaning and perception of tax optimization; relevance for ethicality and lawfulness
- Meaning of offshore financial centres, their legality and lawfulness; the relationship between tax optimization and offshore financial centres
- Tax consultants and their role – private, public, extended role?
- Tax consultants and their involvement in tax avoidance
- Institutional demands and limitations on the work of tax consultants