

Firm Size, Corporate Social Responsibility, and Tax Avoidance: Evidence from the Consumer Non-Cyclicals Sector in Indonesia

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ABSTRACT

This study investigates the influence of firm size and corporate social responsibility (CSR) on tax avoidance among companies in Indonesia's consumer non-cyclicals sector, a subject gaining importance amid growing scrutiny of corporate tax practices. Integrating agency theory and legitimacy theory, the research aims to understand how external oversight and the pursuit of social legitimacy shape tax behavior, particularly in a context that remains underexplored in Indonesia. Utilizing a quantitative approach, the study analyzes panel data from 30 companies listed on the Indonesia Stock Exchange (IDX) during the period 2019 to 2023. Tax avoidance is proxied by the effective tax rate (ETR), CSR is measured using a GRI-based disclosure index, and firm size is assessed through the natural logarithm of total assets. Multiple linear regression was employed following model selection and classical assumption testing. The findings reveal that CSR has a significant negative effect on tax avoidance, whereas firm size does not exhibit a partial effect. However, both variables jointly influence tax avoidance significantly. These results underscore the role of CSR in promoting ethical corporate behavior and suggest that regulators and stakeholders should actively encourage CSR initiatives to enhance tax compliance and corporate transparency.

Keywords: *tax avoidance, firm size, corporate social responsibility*

ABSTRAK

Penelitian ini menyelidiki pengaruh ukuran perusahaan dan tanggung jawab sosial perusahaan (CSR) terhadap penghindaran pajak pada perusahaan-perusahaan sektor barang konsumsi primer di Indonesia, sebuah topik yang semakin penting di tengah meningkatnya pengawasan terhadap praktik pajak perusahaan. Dengan mengintegrasikan teori keagenan dan teori legitimasi, penelitian ini bertujuan memahami bagaimana pengawasan eksternal dan upaya memperoleh legitimasi sosial memengaruhi perilaku perpajakan, khususnya dalam konteks Indonesia yang masih jarang diteliti. Penelitian ini menggunakan pendekatan kuantitatif dengan menganalisis data panel dari 30 perusahaan yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2019 hingga 2023. Penghindaran pajak diukur dengan *effective tax rate* (ETR), CSR diukur menggunakan indeks pengungkapan berbasis GRI, dan ukuran perusahaan dihitung dari logaritma *natural* total aset. Regresi linier berganda digunakan setelah dilakukan pemilihan model dan pengujian asumsi klasik. Hasil penelitian menunjukkan bahwa CSR berpengaruh negatif secara signifikan terhadap penghindaran pajak, sedangkan ukuran perusahaan tidak menunjukkan pengaruh secara parsial. Namun, kedua variabel tersebut secara simultan berpengaruh signifikan terhadap perilaku penghindaran pajak. Temuan ini menegaskan peran penting CSR dalam mendorong perilaku etis



perusahaan dan menyarankan agar regulator serta pemangku kepentingan mendorong inisiatif CSR untuk meningkatkan kepatuhan pajak dan transparansi perusahaan.

Kata Kunci : penghindaran pajak, ukuran perusahaan, tanggung jawab sosial

INTRODUCTION

In today's increasingly complex and regulated business landscape, tax avoidance remains a controversial issue that attracts considerable scrutiny from academics, policymakers, and the general public. Although legally permissible, tax avoidance often raises ethical concerns and threatens a company's legitimacy in the eyes of its stakeholders. As (Jemiolo & Farnsel, 2023) argue, corporate tax avoidance directly affects societal welfare, prompting growing pressure for firms to act in a more transparent and responsible manner. As corporate taxpayers, companies have the authority to carry out tax management with the aim of reducing their tax burden within the rates established in accordance with applicable tax regulations (Brillyan & Ferdiansyah, 2022).

Tax avoidance typically involves the strategic exploitation of regulatory ambiguities—often referred to as “grey areas”—to reduce a firm's tax liabilities (Windaryani & Jati, 2020). While technically legal, such practices may violate the spirit of tax laws and erode public trust. In Indonesia, a notable case occurred in 2021 involving PT Indofood Sukses Makmur Tbk, which was fined IDR 1.3 billion after transferring assets and operational control of its noodle division to a subsidiary, PT Indofood CBP Sukses Makmur Tbk. Despite the corporate restructuring, the Indonesian Directorate General of Taxes (DJP) maintained that the original tax obligations remained valid. This case underscores the persistent challenge faced by regulators in ensuring fiscal compliance amid increasingly sophisticated corporate structures (<https://www.gresnews.com>, 2021).

Two corporate attributes that are often considered influential in shaping tax behavior are firm size and corporate social responsibility (CSR). Larger firms tend to possess more resources and technical

expertise to engage in tax planning and may thus be more prone to aggressive tax strategies (Richardson et al., 2016). However, they also face heightened scrutiny from regulators, investors, and civil society, which may serve as a deterrent to unethical practices (Lanis & Richardson, 2018). Meanwhile, CSR initiatives—particularly those publicly disclosed—have been associated with improved transparency and ethical business conduct. Nonetheless, there is ongoing debate as to whether CSR reflects genuine corporate values or merely serves as a façade to conceal questionable financial strategies.

Indonesia's regulatory framework further reinforces the relevance of CSR. According to Article 1, Paragraph 3 of Law No. 40/2007 on Limited Liability Companies, firms are legally obligated to engage in socially responsible practices. The corporate culture theory posits that such mandates align with a firm's internal norms and beliefs, thereby guiding ethical decision-making (Kreps, 2023). In parallel, the risk management theory suggests that CSR can function as a reputational safeguard against stakeholder backlash arising from tax-related controversies (Godfrey, 2005). These theoretical perspectives raise critical questions about the authenticity of CSR practices, especially when juxtaposed with aggressive tax planning.

Legitimacy theory offers another useful lens for understanding the CSR–tax avoidance relationship. According to (Hoi et al., 2019), firms with robust CSR programs are likely to avoid tax strategies that could compromise their social image. However, (Huang & Watson, 2015) cautions that CSR may also be used strategically to divert public attention from aggressive fiscal behavior. (Ramdhani et al., 2020) provide empirical support for this contention, finding that CSR negatively affects tax avoidance—but only in

firms with high levels of institutional ownership.

Prior empirical studies offer mixed results regarding the role of firm size in tax behavior. (Khoirunnisa Heriana et al., 2023) contend that larger firms are better positioned to fulfill their tax obligations due to economies of scale and formal governance mechanisms. Conversely, (Prang et al., 2024) argue that increasing firm size tends to result in more tax avoidance practices. This may be because large firms have the capacity to manage taxes through effective planning, thereby achieving optimal tax savings. In other words, the higher the value of firm size, the more likely it is that tax avoidance activities will occur. Hence, firm size can be considered an influential factor in tax avoidance behavior.

Despite the growing discourse on corporate tax behavior, empirical studies focusing specifically on the consumer non-cyclicals sector in emerging markets like Indonesia remain limited. Furthermore, prior research has produced mixed evidence regarding the role of firm size and CSR in shaping tax avoidance strategies. This inconsistency highlights the need for further investigation within specific industry contexts where both public accountability and operational pressures are high.

Given this background, the present study seeks to investigate the impact of firm size and corporate social responsibility on tax avoidance among companies listed in the consumer non-cyclicals sector on the Indonesia Stock Exchange (IDX) over the 2019–2023 period. By doing so, the study aims to enrich the literature on corporate sustainability and tax governance in emerging markets. The findings are expected to offer practical insights for regulators, investors, and corporate managers in designing balanced policies that align fiscal responsibility with social accountability.

Agency Theory

Connection agents are a basic perspective that can be used to understand corporate governance (Anandita & Septiani, 2023). Agency theory, initially proposed by (Jensen & Meckling, 1976), describes the

contractual relationship between shareholders (principals) and managers (agents). This relationship emerges when the principals delegate decision-making authority to the agents to perform specific tasks on their behalf. Managers are responsible for acting in the best interests of shareholders, while shareholders are obliged to provide appropriate compensation for the services rendered by managers.

Legitimacy Theory

(Hoi et al., 2019) state that companies with strong reputations tend to maintain ethical behavior in order to protect their public image.

Tax Avoidance

Tax avoidance is a practice carried out by taxpayers legally and without violating the law, but it involves exploiting weaknesses in tax legislation with the intention of minimizing the amount of tax paid (Septiani et al., 2024). Tax avoidance refers to the reduction of tax liabilities through lawful means, including tax planning, income shifting, and the exploitation of regulatory loopholes (Hanlon & Heitzman, 2022). It reflects corporate behavior aimed at avoiding or reducing the tax burden ((Saputra & Hasnawati, 2023). In principle, tax avoidance is permitted because it does not breach existing regulations; however, it is generally considered undesirable (Achmad Hidayat & Novita, 2023).

Corporate Social Responsibility

According to the Global Reporting Initiative (GRI, 2021), CSR is the responsibility of a company to manage the social and environmental impacts of its decisions and activities through transparent and ethical conduct. ISO 26000 emphasizes that CSR involves ethical behavior that contributes to sustainable development. (Indrawati et al., 2023) define CSR as a strategic approach used by companies to foster a positive corporate image through active engagement in social and environmental initiatives that create shared value for both the community and business sustainability.

Firm Size

Firm size is a representation of a company's classification, which can be observed based on the magnitude of its total assets (Danilla & Septiani, 2023). Large-sized companies tend to attract greater public attention, prompting them to be more cautious in reporting their financial condition (Wantikasari & Septiani, 2025). Large Indonesian companies tend to engage in unethical tax planning practices to delay tax payments to the Indonesian Tax Authority (Joachim, 2024). A high level of monitoring appears to contradict the notion that businesses will comply with strict tax regulations due to their increasing size and complexity. Tax audits and oversight of large corporations do not always result in actual tax payments being made to the government. Firm size reflects the amount of capital owned, the total assets held by the company, and the revenue it generates (Afni et al., 2023).

Firm Size and Corporate Social Responsibility on Tax Avoidance

Based on agency theory (Jensen & Meckling, 1976) and legitimacy theory (Hoi et al., 2019), corporate managers may engage in tax avoidance as an opportunistic behavior; however, such actions can be restrained by external oversight, such as public scrutiny faced by large firms and reputational pressure resulting from CSR engagement. According to (Susanto & Veronica, 2022), (Arta & Zulaikha, 2023), and (Vincent & Sari, 2020), corporate social responsibility and firm size positively influence tax avoidance. Therefore, the following hypothesis is proposed:

H1: Firm size and corporate social responsibility (CSR) simultaneously have a positive effect on tax avoidance.

Firm Size on Tax Avoidance

Firm size reflects the scale of a company's economic activities and the resources it possesses, both of which can

influence strategic decision-making, including tax planning. According to agency theory (Jensen & Meckling, 1976), larger firms tend to have greater flexibility and capacity to design complex tax strategies; however, they are also subject to heightened scrutiny from the public and regulatory authorities. (Prang et al., 2024) further suggest that the larger the company, the greater its tendency to engage in tax avoidance. In line with this, (Carrie & Susanty, 2024), (Arta & Zulaikha, 2023), and (Mayndarto, 2022) found that firm size positively affects tax avoidance. Therefore, the following hypothesis is proposed:

H2: Firm size positively affects tax avoidance.

Corporate Social Responsibility on Tax Avoidance

From the perspective of legitimacy theory, companies utilize corporate social responsibility (CSR) as a tool to build social legitimacy and maintain a positive reputation that aligns with societal expectations. CSR is also viewed within the framework of risk management theory, serving to protect firms from reputational risks associated with aggressive tax strategies (Godfrey, 2005). According to (Merkusiwati & Eka Damayanthi, 2019), both taxation and CSR share a commonality in that they contribute socially to the community. Furthermore, (Hoi et al., 2019) argue that firms consistently engaging in CSR are more likely to avoid unethical practices such as tax avoidance. In line with these findings, (Susanto & Veronica, 2022), (Arta & Zulaikha, 2023), and (Achmad Hidayat & Novita, 2023) found that the disclosure of corporate social responsibility has a positive effect on tax avoidance. Therefore, the following hypothesis is proposed:

H3: Corporate social responsibility (CSR) positively affects tax avoidance.

Table 1. Sampling Criteria (Purposive Sampling)

Number	Sample Criteria	Accumulation
1	Consumer Non–Cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) in the 2019–2023 period.	70
2	Annual financial statements presented in Indonesian Rupiah currency.	64
3	Consumer non-cyclicals sector companies that did not incur losses during the research period of 2019–2023.	30
Number of Companies		30
Number of Years of Research		5
The total sample used in this study is for the 2019–2023 period		150

Source: Data processed by researchers, 2025

METHODS

Research Design

This study employs a quantitative research design to examine the effect of corporate social responsibility (CSR) and firm size on tax avoidance. Quantitative methods are applied to analyze data collected from a defined population using structured instruments and statistical techniques to test the proposed hypotheses (Sugiyono, 2021). A descriptive-quantitative approach is adopted to systematically illustrate the characteristics

of the variables under investigation and their interrelationships within a defined empirical context.

Data and Sample

The study utilizes secondary data obtained from financial reports and sustainability disclosures of companies listed on the Indonesia Stock Exchange (IDX). The population includes companies in the Consumer Non-Cyclicals sector during the period 2019–2023. The sampling technique employed is purposive sampling.

Table 2. Operational Definition of Variables

Number	Variable	Type	Indicator	Scale	Measurement	Source
1.	Tax Avoidance	Dependent	Effective Tax Rate (ETR)	Ratio	$ETR = \frac{\text{Total Tax Expense}}{\text{Earnings Before Tax (EBT)}}$	(Melani & Ferdiansyah, 2024)
2.	Corporate Social Responsibility (CSR)	Independent	Disclosure Index based on Global Reporting Initiative (GRI)	Interval	Each disclosed item is scored 1; undisclosed item scored 0. $CSR \text{ Index} = \frac{\text{Total Score}}{\text{Total GRI Items}}$	(GRI, 2021)
3.	Firm Size	Independent	Total Assets	Ratio	$\text{Firm size} = \ln(\text{Total Assets})$	(Mayndarto, 2022)

The determination of the sample criteria can be seen in Table 1. The sample was determined as many 50 companies included in the Consumer Non-Cyclicals sector listed on the Indonesian Stock Exchange. The annual reports used are from 2019 to 2023, with a total of 150 observations.

Variable Measurement

The study examines tax avoidance as the dependent variable, defined as a firm's legal strategy to minimize tax obligations through regulatory loopholes and tax planning mechanisms. Tax avoidance is measured using the Effective Tax Rate (ETR). This measure has been widely

applied in prior empirical research (Melani & Ferdiansyah, 2024). The operationalization of each research variable is presented in the following table:

Data Analysis Technique

Before making conclusions in a study, data analysis must be carried out so that the research results are appropriate (Septiani, 2020). To test the proposed hypotheses, the study employs multiple linear regression analysis as the primary data analysis technique. Prior to conducting the regression, a series of diagnostic tests are performed to ensure the robustness and validity of the model. These include the model selection tests (Chow test and Hausman test) to determine the appropriate panel data estimation method, as well as classical assumption tests such as normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Finally, hypothesis testing is conducted to assess the statistical significance of the relationships among the variables under investigation.

RESULTS AND DISCUSSION

Results

Model Selection Test

To determine the most appropriate panel data regression model, both the Chow test and the Hausman test were conducted. These tests assist in selecting between the Pooled Least Squares (PLS), Fixed Effect Model (FEM), and Random Effect Model (REM).

Chow Test

Table 3. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	11.488703	(29.118)	0.0000

Source: EViews 12, 2025

As shown in Table 3, the probability value of the Chow test is 0.0000 (< 0.05), indicating that the Fixed Effect Model (FEM)

is preferred over the Pooled Least Squares (PLS) model.

Hausman Test

Table 4. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.916007	2	0.0026

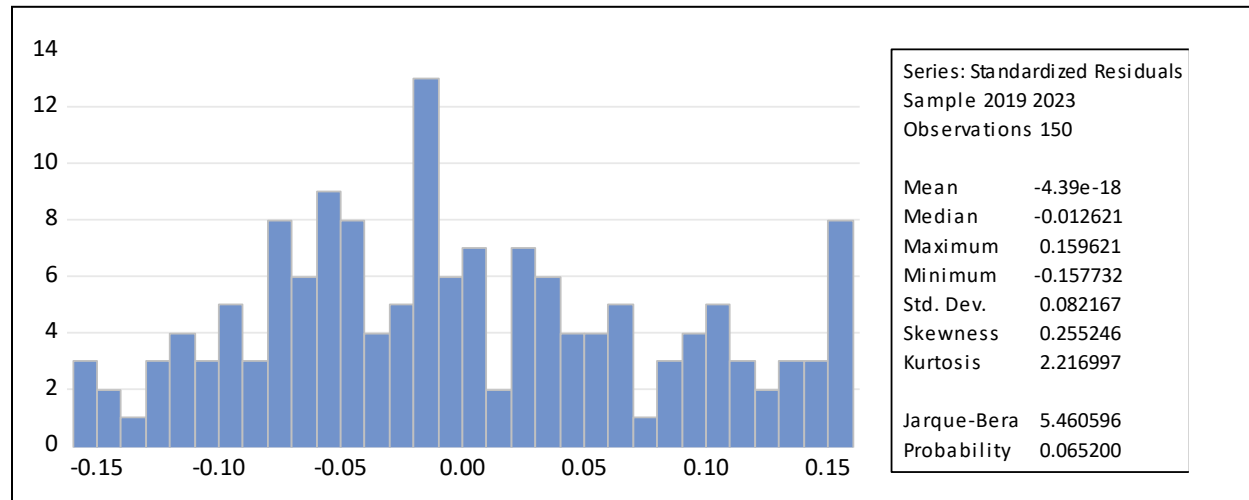
Source: EViews 12, 2025

Table 4 presents the results of the Hausman test, where the p-value is 0.0026 (< 0.05), indicating that the Fixed Effect Model (FEM) is more appropriate than the Random Effect Model (REM) for this study. Based on the results of both the Chow and Hausman tests, the Fixed Effect Model (FEM) is identified as the most appropriate model for further analysis in this study.

Classical Assumption Tests

To ensure the validity and reliability of the regression model, several classical assumption tests were performed, including normality, heteroskedasticity, and multicollinearity tests.

Normality Test



Source: EViews 12, 2025

Figure 1. Normality Test Results

The results in Figure 1 indicate a probability value of 0.065, which is greater than the significance level of 0.05. Therefore, it can be concluded that the residuals are normally distributed, and the model satisfies the normality assumption.

Heteroskedasticity Test

Table 5. Heteroskedasticity Test Results

F-statistic	0.288036	Prob. F (2.147)	0,7502
Obs*R-squared	0.585533	Prob. Chi-Square (2)	0.7462
Scaled explained SS	6.374138	Prob. Chi-Square (2)	0.0413

Source: EViews 12, 2025

Based on Table 5, the significance values of the F-statistic and Obs*R-squared exceed 0.05, indicating that heteroskedasticity is not present in the regression model. Although the probability for the Scaled Explained SS is below 0.05, the overall results suggest no serious heteroskedasticity problem, as confirmed by the primary indicators.

Multicollinearity Test

Table 6. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.005953	87.25913	NA
UK	8.85E-06	83.79545	1.00291
CSR	0.008205	6.509945	1.00291

Source: EViews 12, 2025

Table 6 shows that the centered variance inflation factor (VIF) values for all independent variables are below 10, and the corresponding tolerance values exceed 0.10. These results indicate no multicollinearity issues among the independent variables used in the model.

Regression Analysis and Hypothesis Testing

To evaluate the impact of firm size and corporate social responsibility (CSR) on tax avoidance, multiple linear regression analysis was conducted. The results are presented below.

Multiple Linear Regression Results

Table 7. Regression Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.969366	0.477759	2.028984	0.1123
UK	-0.028114	0.018890	-1.488310	0.2109
CSR	-0.057103	0.012929	-4.416787	0.0115

Source: EViews 12, 2025

The regression results indicate that CSR has a statistically significant negative effect on tax avoidance ($p < 0.05$), while firm size does not demonstrate a significant effect ($p > 0.05$). This suggests that CSR practices may contribute to reduced tax avoidance behavior, whereas firm size alone does not appear to influence it.

F-test Results

Table 8. F-test Results

R-squared	0.740476	Mean depended var	1.044933
Adjusted R-squared	0.672296	S.D. dependent var	0.683928
S.E. of regression	0.092332	Akaike info criterion	- 4.122042
Sum squared resid	1.005965	Schwarz criterion	- 3.479773
Log likelihood	341.1531	Hannan-Quinn criter.	- 3.861108
F-statistic	10.86058	Durbin-Watson stat	2.134401
Prob(F-statistic)	0.000000		

Source: EViews 12, 2025

The F-test result indicates that the model is statistically significant overall, with a p-value of 0.0000 (< 0.05). This confirms that the independent variables, when considered jointly, significantly explain variations in the dependent variable—tax avoidance.

Coefficient of Determination

Table 9. Model Summary

R-squared	0.740476	Mean depended var	1.044933
Adjusted R-squared	0.672296	S.D. dependent var	0.683928
S.E. of regression	0.092332	Akaike info criterion	- 4.122042
Sum squared resid	1.005965	Schwarz criterion	- 3.479773
Log likelihood	341.1531	Hannan-Quinn criter.	- 3.861108
F-statistic	10.86058	Durbin-Watson stat	2.134401
Prob(F-statistic)	0.000000		

Source: EViews 12, 2025

The adjusted R-squared value of 0.6723 indicates that approximately 67.23% of the variation in tax avoidance is explained by the two independent variables—firm size and CSR. The remaining 32.77% is likely influenced by other factors not included in this model.

t-test Results

Table 10. t-Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.969366	0.477759	2.028984	0.1123
UK	-0.028114	0.018890	-1.488310	0.2109
CSR	-0.057103	0.012929	-4.416787	0.0115

Source: EViews 12, 2025

The regression results show that firm size does not have a statistically significant effect on tax avoidance ($p = 0.2109 > 0.05$), indicating that H1 is not supported, whereas CSR has a significant negative effect on tax avoidance ($p = 0.0115 < 0.05$), thereby supporting H2.

Discussion

The Effect of Firm Size and Corporate Social Responsibility on Tax Avoidance

The findings of this study indicate that firm size and corporate social responsibility (CSR) jointly exert a statistically significant influence on tax avoidance, consistent with the theoretical frameworks of agency theory and legitimacy theory. According to agency theory (Jensen et al., 1976), managers, as agents, may act in their own self-interest by engaging in opportunistic behavior, including aggressive tax planning. However, such actions can be mitigated by external monitoring mechanisms, such as firm size and stakeholder expectations arising from CSR engagement.

Legitimacy theory, on the other hand, posits that firms engage in corporate social responsibility (CSR) to maintain social legitimacy and align their operations with societal expectations. Companies that are perceived as socially responsible tend to avoid behaviors that could damage their reputation, including tax avoidance (Godfrey, 2005). The strategic role of CSR is further supported by the findings of (Susanto & Veronica, 2022), (Arta & Zulaikha, 2023), and (Vincent & Sari, 2020), who emphasize that large firms are more likely to adopt strategic decision-making practices, including in the area of tax compliance. Collectively, these findings suggest that firm size and CSR engagement function as complementary mechanisms that shape corporate behavior in fulfilling tax obligations.

The Effect of Firm Size on Tax Avoidance

The partial test results regarding the effect of firm size on tax avoidance show that firm size does not have a significant impact on tax avoidance practices. This finding indicates that the second hypothesis (H2), which posits that firm size positively affects tax avoidance, is not empirically supported. Although agency theory (Jensen & Meckling, 1976) suggests that larger firms tend to have more resources and greater flexibility to

implement aggressive tax planning, the results of this study tell a different story. This lack of significance can be explained by legitimacy theory (Hoi et al., 2019), which argues that large companies are subject to greater public scrutiny and stricter regulatory oversight, leading management to act more cautiously in adopting strategies that may damage their reputation, including tax avoidance. These findings contribute to the growing literature suggesting that the effect of firm size on tax avoidance is highly contextual. Previous studies such as those by (Prang et al., 2024), (Carrie & Susanty, 2024), and (Mayndarto, 2022) have found that larger firms are more likely to engage in aggressive tax avoidance. However, in the consumer non-cyclicals sector in Indonesia, the results of this study suggest that having larger assets or resources does not necessarily drive firms to avoid their tax obligations, possibly due to stronger reputational and compliance pressures within this specific industry.

The Effect of Corporate Social Responsibility on Tax Avoidance

The partial test results for the corporate social responsibility (CSR) variable show a significant negative effect on tax avoidance. This means that the third hypothesis (H3), which initially posited that CSR positively affects tax avoidance, is not supported; instead, the findings reveal an inverse relationship. This result is consistent with legitimacy theory, which emphasizes that CSR engagement is a corporate strategy to gain social acceptance and maintain a positive public reputation. By implementing CSR actively and transparently, companies aim to demonstrate their commitment to ethical values and regulatory compliance, thereby avoiding behaviors—such as tax avoidance—that could damage their image. This argument is supported by (Godfrey, 2005), who explained that CSR can function as a reputational risk management mechanism. Prior research by (Hoi et al., 2019), (Ramdhani et al., 2020), and (Achmad Hidayat & Novita, 2023) also found that firms with higher levels of CSR disclosure tend to have lower levels of tax

avoidance. In this context, CSR is regarded not only as a form of social obligation but also as a strategic tool to enhance tax compliance and maintain positive relationships with key stakeholders, including tax authorities and the wider community.

CONCLUSION

This study investigates the effect of firm size and corporate social responsibility (CSR) on tax avoidance in consumer non-cyclicals sector firms listed on the Indonesia Stock Exchange for the period 2019–2023. The empirical results reveal that firm size and CSR, when tested simultaneously, significantly affect tax avoidance behavior. These findings support the theoretical propositions of agency theory and legitimacy theory, highlighting the role of external monitoring mechanisms and reputational concerns in shaping corporate tax strategies.

However, when examined individually, firm size does not have a statistically significant effect on tax avoidance. This suggests that the size of the firm alone is not a decisive factor in determining tax behavior, possibly due to countervailing effects of increased public scrutiny and regulatory pressure. In contrast, CSR has a significant negative effect on tax avoidance, indicating that companies with higher CSR engagement are less likely to engage in aggressive tax planning. These findings emphasize the strategic value of CSR not only in fulfilling social expectations but also in promoting ethical financial practices.

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