

Impact of Corporate Social Responsibility on Tax Avoidance: Evidence from Tunisian Context

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Abstract

This study investigates the relationship between corporate social responsibility (CSR) and tax avoidance among publicly listed banks in a developing economy, using evidence from Tunisia. The analysis is based on a sample of nine banks listed on the Tunis Stock Exchange (BVMT) over the period 2012–2018, drawing on data from annual reports and publicly available disclosures. Employing quantitative analysis, the results indicate that banks with lower engagement in economic and environmental responsibility are more likely to engage in tax avoidance practices. In contrast, stronger involvement in social responsibility initiatives is associated with a significantly lower propensity for tax avoidance. These findings suggest that the nature and scope of CSR activities play an important role in shaping banks' tax-related behaviour and contribute to the broader literature on corporate governance, CSR, and fiscal compliance in emerging markets.

Keywords: corporate social responsibility, tax avoidance, banking sector, corporate governance.

JEL Classification: H26; M14; G21.

Introduction

Corporate social responsibility (CSR) represents a voluntary commitment by companies to adopt responsible behaviour towards their employees, suppliers, customers, and the environment (Brooks & Oikonomou, 2018; Davis et al., 2016; Lin et al., 2017). Companies that embrace CSR establish high ethical standards, aim to reduce their negative environmental impact, foster good interpersonal relations, and support the regions where they operate. Most CSR studies focus on developed countries, while the causes of CSR-related issues in emerging economies remain underexplored (Brooks & Oikonomou, 2018; Davis et al., 2016; Lin et al., 2017).

CSR includes contractual and behavioural approaches to create various types of value, such as a cognitive approach based on company vision and a behavioural approach renewing governance analysis (Col & Patel, 2019; Davis et al., 2016). It links economic and social goals, contributing to economic development, ethical intervention, and improving stakeholders' quality of life (Carroll, 1991; Wood, 1991). CSR obliges companies to make responsible decisions following policies aligned with social expectations. Evidence reviewed in the ESG literature indicates that responsible environmental, social, and governance practices may be associated with firm value and longer-term corporate outcomes (Brooks & Oikonomou, 2018).

Corporate tax literature indicates that size, capital structure, and governance influence tax behaviour (Gupta & Newberry, 1997; Rego, 2003; Richardson & Lanis, 2007; Desai & Dharmapala, 2006). Recent research examined the link between tax avoidance and CSR, revealing that some firms claim to be responsible while engaging in aggressive tax avoidance (Preuss, 2010; Sikka, 2010). Other studies show that companies with a strong CSR reputation tend to pay higher taxes and are less likely to engage in aggressive tax avoidance taxes (Muller & Kolk, 2015; Lanis & Richardson, 2012; Park, 2017). However, the direct connection between CSR and tax optimization remains underexplored, motivating this study to analyse CSR's impact on tax evasion in Tunisia. This research aims to examine whether a company's social responsibility includes paying its fair share of taxes.

This study contributes to this latter area by examining whether a company's social responsibility includes paying its fair share of taxes. The objective of this chapter is to analyse the impact of corporate social responsibility on tax avoidance in Tunisia. The rest of the paper is organized as follows: Section 1 reviews the literature and formulates research hypotheses. Section 2 describes the research methodology. Section 3 presents empirical findings, and last section concludes the study.

1. Literature Review

1.1. Theoretical Approaches

Agency Theory

Agency theory conceptualizes the firm as a principal–agent relationship between shareholders and managers, with the primary objective of maximizing shareholder wealth. Within this framework, corporate social responsibility (CSR) may reflect underlying agency conflicts, as managers can employ CSR initiatives to advance personal reputational or career-related interests that do not necessarily align with shareholders' objectives (McWilliams & Siegel, 2001). Consequently, firms are more likely to engage in CSR activities when such actions are perceived as contributing to value creation.

Tax avoidance is defined as any activity that reduces a firm's tax liability relative to its pre-tax income (Dyreg et al., 2010). It is commonly viewed as a continuum ranging from full tax compliance to aggressive avoidance strategies and illegal practices (Hanlon & Heitzman, 2010). From an agency perspective, the separation of ownership and control is central to understanding managerial incentives related to tax avoidance decisions (Badertscher et al., 2013).

Agency conflicts may result in managers adopting levels of tax avoidance that diverge from shareholders' preferences. While some principals may favour higher tax avoidance to increase after-tax cash flows, others may prefer lower levels to limit associated legal and reputational risks. Classical agency theory assumes shareholder risk neutrality due to portfolio diversification (Demski & Feltham, 1978); however, this assumption does not hold uniformly. Large block holders with concentrated ownership stakes are typically more risk-averse, given the limited diversification of their wealth (Shleifer & Vishny, 1986).

Accordingly, block holders are more likely to prefer lower levels of tax avoidance, whereas diversified shareholders may tolerate higher risk-taking. In the absence of effective corporate governance mechanisms, managers, often more risk-averse due to employment concerns, may engage in tax avoidance opportunistically, suggesting that weaker governance structures can facilitate higher levels of tax avoidance.

Stakeholder Theory

Stakeholder theory, introduced by Freeman (1984), extends the analysis of the firm beyond a narrow shareholder-centric framework by considering a broader set of agents whose interests are affected by corporate activity. Stakeholders are defined as individuals or groups that can influence, or are influenced by, the firm's pursuit of its objectives. This includes employees, customers, suppliers, financiers, public authorities, and other organized interest groups whose actions can affect firm performance and risk.

From an economic perspective, stakeholder theory highlights the firm as a nexus of contracts in which value creation depends on the efficient coordination of multiple stakeholder relationships. Corporate social responsibility (CSR) can therefore be interpreted as a strategic mechanism through which firms internalize externalities, reduce transaction costs, and mitigate conflicts with non-shareholder stakeholders. By integrating stakeholder considerations into decision-making, firms may enhance long-term performance and sustainability rather than focusing exclusively on short-term profit maximization. CSR practices are thus associated with a partnership-based model of corporate governance, in which cooperative arrangements with stakeholders contribute to reputational capital, operational stability, and competitive advantage (Dupuis, 2007). This utilitarian interpretation views CSR as an instrument for aligning stakeholder incentives and securing access to critical resources.

In parallel, stakeholder theory also incorporates an ethical dimension, emphasizing firms' obligations toward legitimate stakeholder claims. Carroll's (1979) framework integrates these views by conceptualizing corporate responsibility as a hierarchy encompassing economic, legal, ethical, and philanthropic dimensions. Within this structure, economic performance remains foundational, while social and ethical responsibilities are considered complementary constraints that shape corporate behaviour and long-term value creation.

1.2. Corporate Social Responsibility and the Tax System in Tunisia

The Tunisian tax system is characterized by its complexity. Tax law rules are intertwined, which often allows for tax avoidance. Tax standards must be flexible enough to improve the relationship between the tax authorities and taxpayers. The current tax regime includes a range of tax advantages, such as exemptions of varying importance and durations, whose profitability is very limited, and some of which were unjustifiably planned. It does not adequately ensure tax justice and exerts pressure on taxpayers that far exceeds their contributory capacities. This pressure is much greater than in other countries that aim to establish fiscal equity, even within certain limits. The lack of a tax culture is a main element of tax fraud. Few actually pay taxes, except certain professional categories such as employees, commercial companies, etc. This is reflected in the lack of exemplarity of political and administrative authorities in tax matters, as they grant themselves undue exemptions and tax reliefs.

Since 2000, Tunisia has begun integrating CSR into the strategy and management practices of companies, while referring to the international standard ISO 26000. As such, CSR involves improving the working environment within companies, upholding the principle of compromise between the company and its environment, and ensuring good governance practices. Since the 2011 revolution, Tunisia has been operating in a challenging social and economic environment characterized by poor governance and lack of transparency. That is why a new law on CSR was enacted to improve the social environment as well as the profitability of stakeholders, while promoting ethical and transparent behaviour that has a positive impact on the company and its environment.

1.3. The Relationship Between CSR and Tax Avoidance

Previous research has shown that companies have engaged in tax avoidance as a tax strategy aimed at reducing tax liabilities, while recognizing that tax avoidance is conceptually distinct from illegal tax evasion or tax fraud. Although taxation is considered a complex act that can sometimes be difficult to understand, it represents a major issue in terms of social responsibility. The challenge lies in distinguishing what is legal or illegal regarding tax matters, as well as differentiating between responsible practices of stakeholders and assessing the risks involved. Therefore, tax avoidance refers to the amount of corporate tax that is non-payable by the company, which mainly depends on how responsibility is allocated among the contracting parties (Bauer et al., 2018).

Previous studies suggest that tax avoidance can reduce tax liabilities, thereby reducing costs and increasing shareholder wealth (Graham & Tucker, 2006; Hanlon & Heitzman, 2010; Hanlon & Slemrod, 2009; Robinson et al., 2010). Furthermore, shareholders transfer their responsibility to managers, leading to reduced managerial compensation, decreased levels of tax avoidance, and lower managerial effort. Crocker & Slemrod (2005) demonstrate that informational asymmetry between contracting parties prevents shareholders from transferring penalties resulting from tax fraud to managers. Thus, when the manager's task regarding tax fraud activities is unobservable, the amount of corporate tax and the company's profits can only be achieved if the manager is not held responsible for these activities. Since tax fraud increases after-tax cash flows, it can be considered "one of the many risky investment options available to managers" (Armstrong et al., 2015). If detected by tax authorities, tax fraud can lead to increased tax debt, penalties, and damage to the company's reputation (Hanlon & Slemrod, 2009), making the company riskier.

Some studies suggest that CSR, such as community participation, donations, and corporate diversity, could be related to tax avoidance. On one hand, Watson (2015) and Lanis & Richardson (2012) find that more socially responsible companies are likely less aggressive fiscally, but on the other hand, Hoi et al. (2013) suggest that companies with irresponsible CSR activities are more aggressive in tax avoidance, while acknowledging that corporate culture influences tax avoidance.

Huseynov & Klammm (2012) provided empirical evidence that, although companies may succeed in some aspects of CSR such as corporate governance and community engagement, they can still seek to minimize their taxes. Additionally, Hoi et al. (2013) show that tax avoidance practices can be seen as opportunistic behaviours between companies and their stakeholders, where the company exploits the implicit contract at its expense. Consequently, aggressive tax avoidance may be difficult to reconcile with CSR commitments.

From this perspective, all that is necessary for a company to be socially responsible is to obey tax laws (Gribnau, 2015). Others argue that there is or should be an ethical limit to tax planning, and that organizations too often avoid their obligations by applying the letter of the law at the expense of their own interests. Lin et al. (2017) examined the relationship between CSR and tax declaration in China. They found that in regions with low institutional quality, companies tend to socially irresponsibly avoid paying taxes, whereas in other regions, CSR is more associated with tax compliance. Abdelfattah and Aboud (2020) showed that companies concerned with tax fraud seek to increase CSR disclosure to enhance a positive reputation with the public and media. Therefore, a socially responsible company should adopt fewer tax avoidance practices (Hoi et al., 2013; Laguir et al., 2015).

Velte (2025) used panel data of listed firms headquartered in the European Union (2076 firm- year observations) in the 2017–2022 fiscal period. In line with the theoretical framework and based on several regression analyses, they found that CSR decoupling and tax avoidance were significantly positively related.

Gerged et al. (2025) examines the association between corporate social responsibility disclosure (CSR D) and tax avoidance, particularly in developing economies, focusing on Sub-Saharan Africa (SSA). By analysing data from 600 firm- year observations across 13 SSA countries using panel quantile regression, they found a negative relationship between CSR D, which includes ethical, social, and environmental dimensions, and tax avoidance. This aligns with legitimacy theory, indicating that firms are increasingly adopting CSR transparency to meet societal expectations and gain stakeholder trust, avoiding socially irresponsible behaviours.

Almutairi & Abdelazim (2025) examines non-financial companies listed on the Egyptian Exchange (EGX) over the period from 2017 to 2022, encompassing a final sample of 70 firms and 420 firm-year observations. Pooled Ordinary Least Squares (OLS) and fixed-effects regression methods are utilized for statistical analysis. The findings reveal a significant positive correlation between CSR activities and a higher degree of TA, suggesting that companies involved in CSR are more likely to engage in TA. Salah et al. (2023) provide related evidence from French listed firms; the present study extends this line of inquiry to the institutionally distinct Tunisian banking sector.

1.4. The Research Hypotheses

Based on previous studies and the research objectives, this section will list the hypotheses to test the impact of corporate social responsibility (CSR) on tax avoidance. Studies examining the relationship between CSR and tax avoidance in Australia and the United States report mixed results, ranging from a negative relationship (Hoi et al., 2013; Lanis & Richardson, 2012) to a positive relationship.

Lanis & Richardson (2012) show that Australian companies that are more socially responsible are less involved in aggressive tax avoidance. Similarly, Muller & Kolk (2015), in a sample of Indian companies, find that subsidiaries of multinational corporations with a good reputation for CSR pay higher effective tax rates. Their results suggest that paying taxes is an essential element of CSR that helps maintain a good image and company reputation. Therefore, socially responsible companies should be less engaged in tax avoidance. Laguir et al. (2015) indicate that CSR is negatively associated with the level of tax fraud. Conversely, several studies suggest a positive relationship between CSR disclosure and tax avoidance (Davis et al., 2016; Landry et al., 2013; Lanis and Richardson, 2013). Hence, the first hypothesis is as follows:

H1: There is a significant relationship between corporate social responsibility and tax avoidance.

Furthermore, previous studies are based on the principle that different mechanisms of CSR have different effects on tax avoidance. Thus, the effective tax rate is used as the dependent variable, and the four CSR dimensions (social, governance, economic, and environmental) are considered independent variables (Dahlsrud, 2008; Johnson & Greening, 1999; Laguir et al., 2015). Therefore, the following sub-hypotheses are proposed:

H1.a: The level of the environmental dimension of a company's CSR has a significant effect on its level of tax avoidance.

H1.b: The level of the social dimension of a company's CSR has a significant effect on its level of tax avoidance.

H1.c: The level of the economic dimension of a company's CSR has a significant effect on its level of tax avoidance.

H1.d: The level of the governance dimension of a company's CSR has a significant effect on its level of tax avoidance

2. Research Methodology

In this section, we present the models we will use and the data collection and analysis techniques for conducting our research. We will examine the level of CSR disclosure through a manual content analysis, where sentences are used as the unit of analysis. The estimates of the various linear regressions, as well as the study of different tests, will be performed using STATA software to identify the impact of determinants of CSR disclosure on tax avoidance.

Data Sample

The period 2012–2018 was selected for analysis because it represents a critical and coherent phase in the post-revolution economic and institutional development of Tunisia, particularly for the banking sector. Following the 2011 revolution, Tunisia entered a period marked by regulatory reforms, governance challenges, and increased scrutiny of corporate behaviour, including transparency, taxation, and social responsibility. This timeframe captures the gradual integration of corporate social responsibility (CSR) practices, aligned with international standards such as ISO 26000, into the strategic and reporting frameworks of Tunisian banks.

Moreover, the selected period allows for the observation of structural changes in CSR disclosure practices and tax behaviour before major disruptions associated with later economic shocks. From a methodological perspective, the availability and consistency of annual reports for listed banks during 2012–2018 ensure data comparability and reliability across institutions, enabling robust longitudinal analysis of the relationship between CSR dimensions and tax avoidance within the Tunisian banking context.

In this study, the necessary information was obtained from the annual reports of a sample of nine Tunisian banks listed on the Tunis Stock Exchange (BVMT) for the period from 2012 to 2018. Table 1 presents the list of Tunisian banks along with their categories.

Table 1: List of Tunisian banks

Tunisian banks	Categories
Bank of Tunis (BT)	Private Bank
Amen Bank (AB)	Private Bank
Attijari Bank (ATTIJARI BANK)	Private Bank
Tunisian Bank Society (STB)	Public Banque
Arab Tunisian Bank (ATB)	Private Bank
International Arab Bank of Tunisia (BIAT)	Private Bank
Banking Union for Commerce and Industry (UBCI)	Private Bank

National Agricultural Bank (BNA)	Public Bank
Zitouna Bank (ZB)	Private Bank
Total of banks	9 banks: 2 public banks and 7 private banks.

Statistical Modelling

To address a similar issue, we will estimate a linear regression that allows us to study the relationships between the dependent variable and the explanatory variables. In the context of econometrics, we are interested in estimating the parameters of a linear regression. The econometric model used in this research aims to study the impact of corporate social responsibility mechanisms on tax avoidance. Thus, we consider the following linear model:

$$ETR_{it} = \alpha + \beta_1 (RSE_ENV)_{it} + \beta_2 (RSE_SOC)_{it} + \beta_3 (RSE_GOV)_{it} + \beta_4 (RSE_ECO)_{it} + \beta_5 ROA_{it} + \beta_6 LEV_{it} + \beta_7 TAILLE_{it} + \varepsilon_{it}$$

Description of Variables

Our dependent variable was the effective tax rate (ETR) to measure corporate tax avoidance. Tax avoidance can be defined as any act that reduces a company's tax compared to pre-tax income (Dyrenge et al., 2010). Therefore, the ETR variable can be calculated as the ratio of income taxes to pre-tax accounting income (Laguir et al., 2015; Watson, 2015; Richardson et al., 2015; Thomsen & Watrin, 2018). However, the choice to use this variable was based on the principle that accounting income may not accurately represent the actual taxable income of companies, which leads to tax avoidance (Rego, 2003). ETR, as the simplest measure, is the ratio of tax expenses to income before taxes. It is assumed that a low ETR reflects a low tax burden resulting from tax avoidance, i.e., a decrease in the numerator. However, an increase in accounting income, i.e., an increase in the denominator, can also lead to a low ETR (Blaylock et al., 2012). The ETR can be easily calculated from financial statement data, which is probably why it is used by several studies.

The independent variable in our study is the level of CSR disclosure in the annual reports of listed Tunisian banks (Chakroun et al., 2017). To measure this variable, we use content analysis of the annual reports of Tunisian listed banks. This technique involves coding narrative information into categories and determining quantitative scales. We chose this method because it facilitates comparison with previous studies (Khan, 2010; Menassa, 2010; Khemir & Baccouche, 2010; Al Janadi et al., 2013; Aribi & Gao, 2010; Chakroun et al., 2017).

Previous literature on CSR disclosure has used several dimensions of information. Zéghal and Ahmed (1990) used the following categories: environment, energy, human resources, community participation, ethics, and others. According to Laguir et al. (2015), CSR is measured with 38 criteria divided into 6 dimensions, covering areas such as: human resources, employees' rights in the workplace, community participation, corporate governance, the environment, and business behavior.

Earlier research has used various measurement units, such as words (Aribi and Gao, 2010; Douglas et al., 2004; Deegan & Gordon, 1996; Zéghal & Ahmed, 1990); sentences (Hackston & Milne, 1996; Williams & Ho Wern Pei, 1999; Khemir & Baccouche, 2010; Chakroun et al., 2017). For our study, we will examine the level of CSR disclosure through manual content analysis, using sentences as the unit of analysis. We chose this measurement unit because most researchers consider it the most appropriate instrument for measuring the level of CSR disclosure (Menassa, 2010; Menassa & Brodhäcker, 2017; Chakroun et al., 2017).

For our study, following Chakroun et al. (2017) and Laguir et al. (2015), we adopt CSR disclosure measurement using a checklist composed of 17 elements divided into four categories of information (see Appendix 1): environment; social policy; economic policy; and corporate governance. We justified this choice because these categories are the most frequently used in prior studies on CSR disclosure (Chakroun et al., 2017; Laguir et al., 2015; Akano et al., 2013; Menassa, 2010). Additionally, another reason, specific to our context, is the availability of data. After an initial reading of the annual reports, it appeared that this list was the most suitable for our study.

Empirical literature shows that there are numerous variables that can explain the practice of tax avoidance within a company. Some of these include: financial performance (ROA), level of debt, and the size of the bank (SIZE); Return on Assets (ROA): This variable is calculated by dividing net income by total assets. Lanis and Richardson (2011), as well as Laguir et al. (2015), found a positive relationship between ROA and the effective tax rate; Financial Leverage (LEV): This variable is measured by dividing total debt by total assets. Banks that are more leveraged are less likely to evade taxes because they benefit from financing through credits (Chakroun et al., 2017; Laguir et al., 2015); Bank Size (SIZE):

These variables is measured by the logarithm of the company's total assets (Richardson & Lanis, 2007). Previous research (Johnson & Greening, 1999) has shown that company size is positively associated with corporate social performance. Companies with larger total assets are more likely to engage in tax avoidance compared to companies with smaller total assets (Tandean & Winnie, 2016). Table 2 summarizes the variables along with their expected signs.

Table 2: Summary of variables with expected sign

Variables	Notation	Variable Description	Expected Sign
Dependent	ETR	Income tax expense / Pre-tax accounting income	+/-
Independent	CSR_ENV	Measured by counting sentences containing information on CSR in the annual reports of listed Tunisian banks.	+/-
	CSR_SOC		+/-
	CSR_ECO		+/-
	CSR_GOV		+/-
Control	ROA	Net income / Total assets	+
	LEV	Total debt / Total assets	+
	SIZE	Logarithm of total assets	+/-

3. Results and Interpretation

In this section, the obtained results and their interpretations are presented. First, the level of CSR disclosure will be analysed using descriptive statistics. Secondly, the regression function will be presented to determine the relationship between CSR and tax avoidance.

3.1. Descriptive Statistics

Table 3 below summarizes the overall level of information disclosed on CSR in the annual reports of listed Tunisian banks for the period from 2012 to 2018. We observed that the overall level of disclosures related to CSR in the annual reports of listed Tunisian banks allows us to analyse the evolution of the number of sentences for each bank over the study period. In fact, a progressive increase of 42 sentences is noted between 2012 and 2013. However,

between 2013 and 2014, only an increase of 12 sentences is observed. In 2018, there was a significant increase of 145 sentences, representing the largest growth recorded during this period. This evolution may explain some changes in the CSR disclosure practices of certain banks.

Table 3: The overall level of CSR information disclosure in the annual reports

CSR	Year	2012	2013	2014	2015	2016	2017	2018	TOTAL
	No of sentences (NS)	786	828	842	915	1,017	1,090	1,130	6,608
	%	11.89	12.53	12.74	13.85	15.39	16.05	17.10	100

Table 4 indicates the level of CSR disclosure in each category of information disclosed in the annual reports of listed Tunisian banks. Based on the comparison of disclosure levels across each category, it can be concluded that during the study period, the most disclosed category in the annual reports of Tunisian listed banks is the social policy category. This represents 28.72% of the overall disclosure level, with 1,898 sentences, which aligns with the studies by Chakroun et al. (2017).

The second category is corporate governance, comprising 1,873 sentences, accounting for 28.34% of the total CSR disclosures in the annual reports of Tunisian listed banks. This result differs from that of Chakroun et al. (2017), who found that disclosures related to the economy were more significant than environmental and governance disclosures, with 269 sentences during the period 2007 to 2012, representing 14.75%.

The third category is the environment, which accounts for 27.23% of the total CSR information, with 1,799 sentences. Lastly, the economy is the least disclosed category for listed Tunisian banks, representing only 15.71%, with 1,038 sentences.

Table 4: The level of CSR disclosure in annual reports

Categories	NS	%
Category A: Environmental Dimension	1,799	27.23
Category B: Social Dimension	1,898	28.72
Category C: Economic Dimension	1,038	15.71
Category D: Governance Dimension	1,873	28.34
TOTAL	6,608	100.00

Table 5 presents the descriptive statistics of all the variables used in this study. The mean Effective Tax Rate (ETR) for the sample is 0.1237, corresponding to approximately 12.37% over the 2012–2018 period. A lower ETR may be consistent with a lower effective tax burden; however, ETR alone should not be interpreted as direct evidence of tax fraud or illegal tax evasion. The reported dispersion statistics for ETR and CSR_ENV should be verified against the original STATA output before publication, because the standard deviations currently shown in Table 5 are not internally consistent with the reported minimum and maximum values.

Table 5. Descriptive statistics

Variable	Observations	Mean	Std. Dev	Min	Max
ETR	63	.1237389	1.852113	-.7769418	.5590916
CSR_ENV	63	.2832147	0.762015	.0555556	.5479452
CSR_SOC	63	.2569284	.0914665	.1111111	.496063
CSR_ECO	63	.1562788	.0526058	.0232558	.2934783
CSR_GOV	63	.3035781	.0928339	.0410959	.5205479
ROA	63	.0001928	.0006431	-.00016	.0051
LEV	63	.8884045	.114372	.0875946	1.089575
SIZE	63	6.766788	.3038245	5.839493	7.933603

Table 6 presents the correlation matrix of the different variables. Conducting a correlation matrix allows for a pairwise analysis of the relationships between the explanatory variables. It is generally considered that correlation coefficients exceeding 50% indicate a potential multicollinearity issue among the concerned variables. We observe low correlations among the variables. The highest correlations are: between CSR_ENV and CSR_ECO with (-.4500), between CSR_SOC and CSR_GOV with (-.7077), and between LEV and SIZE with (-.4219). In fact, these correlations are negative and significant but not too high (less than 0.5).

Table 6. Correlation matrix

Variables	ETR	CSR_ENV	CSR_SOC	CSR_ECO	CSR_GOV	ROA	LEV	TAILLE
ETR	1.000							
CSR_ENV	.0353	1.0000						
CSR_SOC	-.0753	-.4023	1.0000					
CSR_ECO	-.1008	-.4500	.0929	1.000				
CSR_GOV	.1023	-.1694	-.7077	-.2888	1.0000			
ROA	-.0457	-.0433	-.0564	.1243	.0207	1.0000		
LEV	.1071	.0620	.1342	.1178	.2498	.0299	1.0000	
SIZE	.0379	.2123	-.1678	-.1678	.0597	-.1007	-.4219	1.0000

3.2. Regression Results

As previously mentioned, we adopt the disclosure of CSR (Corporate Social Responsibility) using an information grid consisting of 17 elements, which are divided into four categories of information to analyse their impact on the level of tax avoidance. Therefore, we estimated various linear regressions using STATA software, with the results presented in Table 7. According to our regression results, the Fisher test allows us to verify the presence or absence of specific effects. We found a P-value = 0.00, which is less than 0.05. Thus, individual specificities exist for each bank, and we proceed with the negative binomial regression test, which helps address heterogeneity issues.

Consequently, we checked whether to use a fixed-effects or random-effects model based on the Hausman test analysis. The Hausman test result shows a p-value = 0.6131, which is greater than 5%. Therefore, the random-effects model is more appropriate. Additionally, the Breusch-Pagan test indicates the presence of heteroscedasticity (p-value = 0.0000), so to improve the estimation, we reran the random-effects model with the robust option.

The linear-regression results should be interpreted only after verification against the original STATA output. In the current table, several reported coefficients, test statistics, and p-values are not mutually consistent; therefore, the statistical significance and direction of individual effects cannot be confirmed editorially from the manuscript alone. The overall model statistics and the reported significance of CSR_SOC and CSR_GOV should likewise be checked against the original regression output before publication.

In the second panel, the model labelled as negative binomial regression reports CSR_GOV and ROA as statistically significant at the 5% level, with different coefficient signs. However, because ETR is defined in this study as a continuous effective tax-rate measure rather than a count variable, the specification and labelling of the negative binomial model require verification against the original STATA output before substantive interpretation. Accordingly, the coefficients, test statistics, and p-values in this panel should not be editorially recalculated or altered without the original statistical output.

Overall, the current regression tables suggest relationships between CSR dimensions, governance, financial characteristics, and the ETR measure; however, the direction and statistical significance of these relationships must be confirmed from the original STATA output before final interpretation. Until that verification is completed, the manuscript should avoid drawing conclusions about tax fraud, illegal tax evasion, or model-specific effects that are not directly established by the reported ETR measure and internally consistent statistical results.

The results show that the signs of all variable coefficients are consistent with expectations. However, based on the t-student test, which assesses the significance of the exogenous variables at a 5% significance level, only the variables CSR_SOC and CSR_GOV are significant. Therefore, hypotheses (H3 and H5) are validated. We also find a significant relationship between LEV (leverage) and the size of the banks, as larger banks that are more leveraged are less likely to evade taxes because they benefit from financing through credit (Chakroun et al., 2017; Laguir et al., 2015).

Table 7: Regression result

Fisher test			
Variables	Coefficient	T	P> t
CSR_ENV	.2947681	0.06	0.531
CSR_SOC	.4736489	0.13	0.012**
CSR_ECO	-.4399719	-0.07	0.289
CSR_GOV	2.376663	-1.49	0.014**
ROA	-48.61862	-0.13	0.441
LEV	1.835858	0.71	0.483
SIZE	-.2973605	-0.25	0.432
Observation = 63 F(7,54) = 12.03 Prob > F = 0.0000**			
Panel B: Negative Binomial Regression			
Variables	Coefficient	Z	Significatively
CSR_ENV	-3.173594	-0.59	0.553
CSR_SOC	-3.272366	-0.88	0.380
CSR_ECO	3.724682	-1.20	0.132
CSR_GOV	-.9847572	-0.00	0.05**

Variables	Coefficient	Z	Significatively
ROA	.0792304	0.03	0.018**
LEV	-.284558	0.05	0.463
SIZE	1.259901	0.15	0.481
Log like lhood = -30.818486 Chi ² = 1.60 Significative = 0.0000**			
Panel C: Hausman test and Breush-Pagan test			
Test de Hausman:		Test de Breush-Pagan:	
Chi ² = 4.47		Chi ² = 124.57	
p-value = 0.6131		p-value = 0.0000	

Note: ** significative de 5%; ETR: Total current taxes on profit before tax, CSR_ENV, CSR_GOV, CSR_ECO, CSR_SOC: counting sentences containing information on CSR in the annual reports of listed Tunisian banks, ROA: pre-tax profit on total assets; LEV: total debt on total assets; SIZE: Logarithm of total assets

This study adopted a systematic approach to data collection and processing. Data were collected manually from the annual reports of banks registered with the BVMT, a process that required careful verification to ensure the accuracy and reliability of the information obtained. Following data collection, the dataset was processed using STATA software. This enabled the implementation of comprehensive statistical analyses, including descriptive statistics, econometric modelling, and hypothesis testing. The use of Stata facilitated efficient data organization, rigorous quantitative analysis, and the derivation of empirically grounded results. The combination of meticulous manual data collection and advanced statistical analysis was essential to ensuring the robustness and credibility of the findings. This methodological approach allowed raw financial data to be transformed into analytically meaningful insights, thereby strengthening the validity and overall quality of the study.

Conclusion

The objective of this paper is to examine the impact of the determinants of Corporate Social Responsibility (CSR) on the level of tax avoidance (ETR) for listed Tunisian banks. Based on the estimated results, we can conclude that the less banks focus on economic and environmental activities, the higher the likelihood of engaging in tax avoidance. The findings indicate that a bank's tax avoidance depends on the nature of the CSR activities it undertakes. Specifically, banks involved in human resources activities are less likely to evade taxes.

The Fisher test results demonstrate that the linear regression model is globally significant, with CSR in social and governance domains exerting a statistically significant impact on the tax avoidance. The positive relationship between bank age and CSR disclosures suggests that established institutions seek to legitimize their operations through increased transparency, consistent with legitimacy and stakeholder theories. Interestingly, financial performance presents mixed effects, with higher profitability associated with more CSR disclosure in some contexts, but also with less in others, indicating a nuanced relationship that warrants further investigation. This study also reveals that Tunisian banks disclose CSR information based on textual analysis. It clearly appears that the distribution of CSR disclosure levels across the four categories leads us to conclude that "human resources" is the most prominently reported category in the annual reports of listed Tunisian banks.

Overall, the results underscore the multifaceted nature of corporate behaviour concerning taxation and CSR, emphasizing the importance of governance and transparency in fostering ethical practices. The insights contribute to a better understanding of how regulatory, institutional, and firm-specific factors interplay to influence tax avoidance and CSR activities within the banking sector. Future research could explore additional variables and longitudinal data to deepen the understanding of these relationships and inform policy interventions aimed at enhancing tax compliance and corporate social responsibility.

Credit Authorship Contribution Statement

Salah, A. is the sole author of this article and was responsible for the study's conceptualization, data collection, empirical analysis, interpretation of results, and the writing and final approval of the manuscript.

Conflict of Interest Statement

The author declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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N/A

Data Availability Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

Ethical Approval Statement

This study is based exclusively on secondary data obtained from publicly available annual reports and corporate disclosures. It did not involve human participants, personal or sensitive data, animals, or any experimental intervention; therefore, ethical approval was not required.

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Appendix 1:

CSR Categories:

Category A: Environmental Dimension

1. Environmental policies or the company's environmental concerns.
2. Management, systems, and verification of environmental practices.
3. Lending and investment policies.
4. Conservation of natural resources and recycling activities.
5. Energy conservation in conducting business operations.

Category B: Social Dimension

6. Employee health and safety.
7. Social lending.
8. Employee training.
9. Executive compensation.
10. Employee profiles.

Category C: Economic Dimension

11. Product quality.
12. Customer complaints and satisfaction.

Category D: Governance Dimension

13. Size of the board of directors.
14. Number of independent directors.
15. Duration of the board's term (in years).
16. Duration of the auditors' term.
17. Insurance and auditor's opinion.