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Corporate Social Responsibility Impact on Tax Avoidance: Empirical Evidence from Vietnam

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Abstract

Background: Corporate social responsibility (CSR) has received increasing attention recently, with several studies attempting to explore the relationship between CSR and tax avoidance, with mixed results. These researchers have found a negative association between CSR and tax avoidance, but some other views found a positive and statistically significant relationship between tax avoidance and CSR.

Objective: The study examined the effect of CSR on tax avoidance in Vietnam-listed companies. The study also tested the moderating effect of the power of the chief executive officer of the companies examined.

Methodology*:* The study uses a data sample of 499 listed non-financial companies from 2016 to 2022 with 3,493 observations. The feasible generalised least squares model was used to assess the impact of CSR with the moderating effect of CEO power on tax avoidance.

Result*:* The research results acknowledge the moderating role of CEO power on the relationship between social responsibility and tax avoidance at the 1% significance level. This means that companies run by powerful CEOs disclose much CSR information, increasing tax avoidance.

Conclusion*:* CSR significantly influences tax avoidance, but there is a moderating role for CEO power in Vietnam.

Unique contributions*:* This study has contributed to a better understanding of the significant positive influence of social responsibility in Vietnamese listed companies on tax avoidance when a powerful CEO runs the company.

Key recommendation: The Board of Directors of Vietnamese listed companies should consider appointing the unit's founder to the position of CEO to avoid excessively increasing power and tax avoidance.

Keywords: Corporate social responsibility (CSR), tax avoidance, CEO power, Vietnam

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Introduction

Corporate social responsibility (CSR) has become a decisive factor in business efficiency, determining the sustainable existence of businesses in the competitive environment (Buckingham, 2012; Camilleri, 2012; Rhou et al., 2016), and it is a concern in the context of worry about social and environmental issues. Therefore, Vietnam recently has issued many legal documents related to promoting social responsibility disclosure, such as Circular 155/2015/TT -BTC, Circular 96/ 2020 / TT -BTC replaces Circular 155 on social responsibility disclosure, requiring businesses to carry out social responsibility in their business activities. CSR compliance in Vietnam is compulsory, which is one factor contributing to the fair presentation of financial reporting.

With the increasing awareness of the international community and related parties about environmental and social issues, the aim of businesses is not only increasing profits and benefits for investors or increasing the level of contribution to the budget but also paying attention to the environment and contributing to the community, as well as reaching the goal of sustainable development (Carrol, 2015; Chapple & Moon, 2005; Issah & Rodrigues, 2021). For businesses' competitive strategies, corporate social responsibility becomes even more important because it brings many benefits, such as risk management, access to low-cost sources, good customer relationships, cost savings, innovation capabilities and creative development (A Renewed EU strategy 201114 for CSR, 2011). Therefore, in the 1970s, there was a view of research that the obligation to pay taxes is the social responsibility of businesses, and Carroll (1991, p.43) believes that "the social responsibility of business is to strive to make a profit, comply with the law, be ethical and be a good business". So, an enterprise is considered to perform well on social responsibility when it has fulfilled its tax obligation to the State and its business activities must be transparent and comply with the provisions of the law. Therefore, excessive tax avoidance can also be seen as inconsistent with CSR (Hoi et al., 2013).

At the same time, implementing an effective social responsibility disclosure strategy can help businesses gain a competitive advantage and develop sustainably (Waldman & Siegel, 2008). CSR has become important to organisational governance (Yuan et al., 2020). Society not only requires businesses to create economic value but also expects companies to behave responsibly (Aramburu & Pescador, 2019; Raimo et al., 2021). Meanwhile, executives have an important role in making strategic decisions and economic policy choices (Li et al., 2016; Li et al., 2018). If a business is run and led by CEOs who have professional vision, reputation, and experience, always adhere to business ethics, and always aim for the common interests of the community, it will create a strong connection with employees and stakeholders, thereby helping the unit realise its sustainable development goals. Senior managers can influence policy implementation regarding CSR (Waldman & Siegel, 2008).

In addition, taxes are a reduction in the profits that can be distributed to shareholders who wish to maximise profits (Hanlon & Heitzman, 2010). Salihu et al. (2013) affirm that corporate tax is a significant business cost that reduces profits, so businesses tend to avoid taxes (Aronmwan & Okafor, 2019). Furthermore, the issue of tax avoidance is currently a matter of concern for developed and developing countries and is also a topical issue that has attracted media and academic attention (Aronmwan & Okafor, 2019). Therefore, studies on the impact of CSR on tax avoidance are increasing (Davis et al., 2016; Zeng, 2016; Watson, 2015; Zeng, 2019; Issah & Rodrigues, 2021), but there are no studies conducted to examine the impact of CSR on tax avoidance with the moderating role of CEO power. From this basis, we conduct an empirical analysis to see whether abiding by CSR regulations helps entities behave more responsibly by transparently presenting relevant financial statement information and complying with corporate income tax regulations. At the same time, we also use superiority theories to analyze whether CEO characteristics can predict differences in CSR among companies. Therefore, this study was conducted to test whether businesses complying with CSR regulations do tax avoidance or not, and if CEO power moderates this relationship.

Literature Review and Hypotheses Development

Legitimacy theory holds that for a company to continue developing sustainably, it must comply with legal regulations and operate within the boundaries and norms society defines. Unerman and Deegan (2011) define legitimacy as a social contract between an organisation and the society in which it operates, understood as an explicit social desire or an implicit understanding between the organisation and another organisation. Businesses participating in CSR activities can increase profits, enhance reputation and differentiate their products from competitors (Kim & Im, 2017; Li et al., 2019; Zeng, 2019). In addition, legitimacy theory also believes that when a company complies with legal regulations in business activities, it will maintain the social trust of the community and contribute to sustainable development. Companies disclose information through CSR reports to ensure transparency and to gain social recognition (Omran & Ramdhony, 2015).

There are some concepts of tax avoidance, but the term tax avoidance lacks a common definition because it can mean “different things to different people” (Hanlon & Heitzman, 2010, p. 137). Many scholars argue that corporate tax avoidance activities are often mis-defined (Desai & Dharmapala, 2009) because it is difficult to distinguish between tax avoidance practices and tax evasion. The difference between the two is vague (Weisbach, 2003); while there are views that tax avoidance is a legal action, tax evasion is illegal. However, the terms “tax management” and “tax planning” are used interchangeably in the previous research, meaning tax avoidance (Chen et al., 2010; Dyreng et al., 2008; Lanis & Richardson, 2011; Minnick & Noga, 2010).

Agrawal (2007) states that tax avoidance was considered the act of reducing tax liability while still complying with the provisions of the law rather than in writing through tax planning. Dyreng et al. (2008, p.63) admit that tax avoidance is “The ability to pay a low tax per dollar of reported pre-tax accounting income”. Meanwhile, Desai and Dharmapala (2009) believe that tax avoidance is the use of the legal method, exploiting loopholes in tax regulations to minimize the amount of tax payable by an individual or a business. This is usually done by making the most of reasonable expenses, restructuring transactions in a way that reduces tax liability, such as purchasing local bonds, using tax deductions, and taking advantage of tax incentives, or as Armstrong et al. (2012), define tax avoidance as the avoidance achieved by arranging personal or professional affairs to take advantage of loopholes, uncertainties clarity, irregularity or other deficiencies of tax law.

Legal tax avoidance reduces tax costs, and these reduced costs may lead to an increase in managers'

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compensation or serve shareholders (Aminah et al., 2017), and tax avoidance if undertaken successfully, it increases cash flow and after-tax income (Austin & Wilson, 2017), so it is considered a motivation for managers to perform tax avoidance behavior. But in the long run this activity will affect the reputation and value of the business (Zeng, 2019).

Thus, tax avoidance is a legal act that takes advantage of loopholes in the law to reduce the amount of tax payable to reduce the legal tax burden, but tax evasion is an illegal act (Aronmwan & Okafor, 2019). However, the distinction between the two has led to much debate because it is difficult to classify them, and in many cases, it is not possible to confirm whether an action is tax avoidance or tax evasion (Slemrod & Yitxhaki, 2000).

The theory of social responsibility and tax avoidance behavior points out the complex relationship between these two issues. Carrol (1991) believes that CSR is the entire scope of a company's responsibility to society in terms of economic responsibility, legal responsibility, ethical responsibility, and other responsibilities. Huseynov and Klamm (2012) argue that paying enough tax obligations is a topic within the scope of CSR. If an enterprise fulfills its tax payment obligation, it is an important contribution to society; if it does not pay attention to its tax obligation to contribute economically to society, then social responsibility is at risk of not being reachable. Nevertheless, if enterprises reduce income tax costs and there is an increase in profits, then tax avoidance can be seen as a kind of CSR in economic terms, the first and most important responsibility of enterprises (Carrol, 1991). In addition, the ethical theory is also used to explain the association between CSR and tax avoidance, highlighting the contradiction between rhetoric and corporate behaviour when it comes to paying taxes. These authors posit that firms engage in CSR for ethical reasons, operating for the benefit of shareholders and stakeholders, including the environment (Issah & Rodrigues, 2021). Besides, views on tax avoidance also differ between companies (McIntyre et al., 2011), and research results on the impact of CSR on tax avoidance are also inconsistent among authors (Issah & Rodrigues, 2021).

Hoi et al. (2013) examined whether aggressive tax evasion behaviours are related to CSR practices. The study used a sample of US companies from 2003-2009. Its results acknowledge that firms that do not disclose CSR information are likelier to evade taxes deliberately. With the same results, Lanis and Richardson (2015) used a data sample of 434 observations in the period 2003 - 2009 (including 217 observations of businesses with tax avoidance behaviour and 217 observations of businesses without tax avoidance behaviour) to consider if enterprises disclosing social responsibility information relate to tax avoidance or not. In this study, the authors measured the independent variable representing tax avoidance using book-tax difference (BTD). Empirical results admit that if US companies do more CSR activities, their tax avoidance would be lower. The result is similar to the research of Ki (2012) in Korea and Liu & Lee (2019) in China.

Fuadah and Kalsum (2021) used a data sample of 29 manufacturing companies in Indonesia in the period 2017 - 2019 to evaluate the impact of CSR disclosure and tax liability on corporate value. The study uses a linear structural model based on partial least squares. The tax avoidance variable is measured using the effective tax rate (ERT). The research results confirm that CSR and tax avoidance have a negative and significant impact on corporate value, and the lower the level of CSR disclosure, the higher corporate income tax avoidance is. However, this study only uses data from listed manufacturing companies; it does not reflect the relationship between social responsibility and tax avoidance behaviour in general.

Contrary to the above results, Davis et al. (2016) used 5,588 annual observations of US companies in the period 2006-2011 to find that companies that disclose more CSR information are more likely to avoid taxes. This study interprets their findings that CSR and taxes act as substitutes because firms engaged in tax avoidance deliberately increase their CSR activities to offset any negative perceptions from the community. Watson (2015) used corporate profits as a moderator to explain the relationship between CSR and tax avoidance. Using 7,297 annual observations of US companies for the period 2003-2009, he finds that there is a significant relationship between CSR and tax avoidance in low-margin firms, but this relationship weakens or disappears in highly profitable firms. Then, the research concludes that the relationship between CSR and tax avoidance depends on the company's profits.

Zeng's study (2019) was conducted based on companies in different countries to examine the impact of CSR on tax avoidance activities of enterprises in different countries. This study found strong evidence that CSR is positively related to tax avoidance. In countries with weak national governance, firms with higher CSR scores are less likely to evade taxes, implying that CSR and national governance are related. In the meanwhile, Abid and Dammak (2021) admit that firms with high CSR scores are more likely to engage in tax avoidance behavior. Besides, the findings show that companies audited by high-quality auditors have less tax avoidance behaviour.

For reviewing studies related to the topic, Issah and Rodrigues (2021) collected research published from 2003 to 2020 to build a map explaining the relationship between social responsibility and tax avoidance behaviour. The authors' report shows that there were few publications before 2012 on social responsibility and tax avoidance. The number of publications related to social responsibility and tax avoidance increased slightly from 4% to 9% from 2012 to 2018, with an average of five to twelve articles per year. The number of publications has skyrocketed in 2019, with 24 articles and 39 articles in 2020. Research results have acknowledged that social responsibility and tax avoidance concerns are gaining more academic interest in the context of the publication of the Global Reporting Initiative (GRI) Tax Standards.

CEO is considered the most powerful person in an organisation; he or she is the person who sits at the top of the management team. CEOs can lead companies in pursuing goals and getting positive opportunities (Barnard, 1983), and control the financial structures and strategies of the companies (Woodward, 1965; Lawrence & Lorsch, 1967). As the external business environment changes rapidly and becomes more volatile, CEOs play a more important role when they are expected to create jobs, provide quality products and services, and give high return on investment for shareholders (Boatright, 2009). Previous studies have suggested that founders of financial accounting expertise will be the most powerful CEOs (Gao & Jain, 2012; Gounopoulos & Pham, 2018; Li & Mr. Srinivasan, 2011). Li and Srinivasan (2011) find that in companies where the CEO is the founder, he or she is given more privileges than in other companies, then they have more power that affects the process of decision-making (Adams et al., 2009), and it also impacts on the strategies and goals of the company (Stockmans et al., 2010). In addition, the superiority theory (Hambrick & Mason, 1984) argues that CEO characteristics influence the process of making decisions in joint stock companies. Another study suggests that if the process of decision-making is more complicated, the characteristics of CEOs have a higher impact on that process (Bernard et al., 2018; Zhang et al., 2021). Wernicke et al. (2021) contribute to these results of the relationship by showing that CEO characteristics explain about 30% of the variation in CSR.

Therefore, with the opinions of the author and the issues presented above, the research proposes the following hypothesis:

H1: CEO power moderates the effect of CSR on tax avoidance of the listed corporates in Vietnam.

Research methods.

Research database.

The data sample in this study is all companies listed on HOSE and HNX with a fiscal year starting from January 1 and ending on December 31 of the year from 2016 to 2022. The data for the period of 2016 – 2022 is collected because Circular 155/2015/TT -BTC took effect on January 1st, 2016. The data excludes the following cases:

- Financial institutions and insurance companies (because this field is regulated by a completely different financial mechanism and regulations);
- Enterprises that do not have enough financial statement data for the years 2016 to 2022, because a lack of data will lead to unbiased panel data and affect the results of the regression model; and
- Enterprises with negative accounting profit because there is not enough data to determine the dependent variable of tax avoidance in the research model.

This data sample includes 499 companies with 3.493 observations.

Regression model

Using a quantitative research method based on a table database, using Stata 16 software, this research was conducted to build a regression model with a dependent variable (Tax – Tax avoidance) and independent variable (CSR with moderating of CEO power), and control variables (company size – Size; financial leverage – Lev and Audit quality -Big4). Our model testing research hypothesis is formatted as follows:

$$TAX_{it} = \alpha_0 + \beta_1 CSR + \beta_2 CEOPOW + \beta_3 CSR*CEOPOW_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 BIG4_{it} + £_{it}$$

Where:

- TAX is tax avoidance; tax avoidance is measured by using the calculation of Effective Tax Rate (ETR)
- CSR, CEOPOW are the independent variable.
- CSR*CEOPOW is the independent variable in the model.
- SIZE, LEV, BIG4 are controlling variables.
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ are coefficients of regression.
- ε_{it}: is the error term.

Measuring the dependent variable in the regression model

Dependent variable: in this study, tax avoidance is measured by using the Effective Tax Rate - ETR (Chen et al., 2010; Dyreng et al., 2017; Kurniash et al., 2017). It is calculated as follows.

$$\text{ETR} = \frac{\text{Income tax expense}}{\text{Earning before income tax}}$$

In the view of the above researchers, when the ETR rate is lower than the current statutory tax rate, the business is likely to avoid the tax. Then, we used a dummy variable to represent the ETR with the rule that if the ETR is less than 20% (current tax rates apply to companies), the value is 1. Otherwise, the value is zero.

Independent variable

Independent variable CSR

Literature provides several methods for measuring CSR: content analysis of CSR measurement through independent CSR reports (Dhaliwal et al., 2011 -2012); measuring CSR through the number of CSR pages in the annual report (Cowen et al., 1987); measuring CSR through the number of keywords in annual reports and CSR reports (Gamerschlag et al., 2011); measuring CSR through the use of databases covering three aspects: economic, environmental and social (Nguyen et al., 2016). In Vietnam, with the introduction of Circular 155/2015/TT-BTC on guidance about information disclosure on the stock market, regulations on the presentation of annual reports state general standards on CSR disclosure in the appendix. IV. Therefore, within the scope of the study, the authors base on the CSR disclosure rules prescribed by the Ministry of Finance for listed companies as the basis for calculating and measuring CSR. At the end of 2020, the Ministry of Finance issued Circular 96/2020/TT -BTC on instructions for information disclosure on the stock market, effective from January 1, 2021, to replace Circular 155/2015/TT -BTC. Compared to Circular 155, Circular 96 changes the scope and time of corporate information disclosure, but it does not change the content of CSR information that needs to be disclosed. Therefore, in this study, our team decided, based on the criteria in Appendix IV Circular 155, to measure CSR. Specifically, there are 20 criteria in 3 aspects: environmental issues, human issues, and community service activities. Current studies show that disclosure can be quantified using a weighted or unweighted approach (Bose et al., 2018). In this study, we use the unweighted approach. Based on this, Ben Amar and Chakroun (2018) and Rashid et al. (2020) apply a binary variable measuring CSR disclosure; the company is assigned the value “1” if a regulatory entry is published in the annual report. Otherwise, the value is "0" if it is not declared. With a total of 20 items to be disclosed, CSR is measured as the ratio between the total number of information receiving the value 1 to the number of items related to the social responsibility disclosure.

$$CSR_i = \frac{\sum_1^n SCORE_i}{\text{n}}$$

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Measuring the moderator variable (CEOPOW)

Previous studies have shown that many factors constitute important characteristics of a CEO; among these factors, founder and financial expertise are the most important factors that constitute a CEO with the most powerful (Gao & Jain, 2012; Gounopoulos & Pham, 2018; Li & Srinivasan, 2011). Li and Srinivasan (2011) found that companies with a CEO who is a founder provide more perks to the CEO than companies where the CEO is not a founder. Founders, based on their position, will participate in all financial and business policies of the company and have a great influence on the company's culture, strategy, and goals (Stockmans et al., 2010).

CEOs with financial expertise understand accounting policies and tax regulations, so they take advantage of their related knowledge and skills to influence profits for many different purposes (Fraser & Greene, 2006); Gounopoulos & Pham, 2018). Therefore, in this study, we combine two characteristics: the CEO is the founder, and the CEO has financial expertise (Aier et al., 2005*)* into a composite variable CEO (CEOPOW). Then, the CEO will have full authority, and it is a composite index representing the role of the CEO with two characteristics. If the CEO is the founder, it receives a value of 1. Otherwise, it gets a value of 0; if the CEO has financial expertise, it takes a value of 1. Otherwise, it takes a value of 0. Thus, the CEO composite index (CEOPOW) is a dummy variable that takes the value 1 if the company's CEO is also the founder and has financial expertise. Otherwise, the value is 0 (Le et al., 2020).

Controlling Variables

The controlling variables are selected based on prior studies. This study includes four variables to control other factors influencing tax avoidance. According to Dewi and Jati (2014), firm size is the size of a company as reflected in its total assets (Richardson et al., 2013). Richardson et al. (2013) argue that the larger the company's size, the more likely it is to use its resources for good tax planning (Aminah et al., 2017; Hadi & Mangoting, 2014). Financial leverage is a ratio measuring a company's debt financing (Liu & Lee, 2019). Companies with high debt ratios tend to avoid tax (Sari, 2019). In addition, audit quality variables also impact tax avoidance. Therefore, we add the audit quality variable measured by BIG4 as a control variable with the argument that audit quality limits tax avoidance behaviour (Richardson et al., 2013; Gaaya et al., 2017; Abid & Dammak, 2022).

Empirical results

Descriptive statistics of variables

First, the study will use descriptive statistical techniques to summarise the characteristics of the variables in the research model. The statistical results shown in Tables 1 and 2 provide full information about the variables in the model. Specifically, out of a total of 3.493 observations, there are 1.623 observations with tax avoidance behaviour, accounting for 46.48%, Big Four audit 968 cases with a proportion of 27.71%, and CEOs with expertise in finance, accounting, and founders account for 31.75% of listed companies. Besides, some companies disclose information about CSR with the highest rate of 95% of items requiring information disclosure, but some companies disclose very little information about CSR, with about 5% of information items needing to be announced. In addition, out of the total 3.493 observations, 1.288 observations are in the manufacturing industry, accounting for 63.13%. The rest are non-manufacturing industries.

Table 1: Descriptive statistics of quantitative variables

Variable	Observations	Mean	Std. Dev.	Min	Max
CSR*CEOPOW	3.493	0.2279	0.3445	0	0.95
LEV	3.493	0.4771	0.2067	0.1	0.97
SIZE	3.493	11,9999	0.7031	10.18	14.76
CSR	3.493	0.5215	0.2137	0.05	0.95

Note: *Where in Table 1, CSR*CEO: The degree of social responsibility disclosure with the regulation of CEO power; LEV is financial leverage; SIZE is company size; CSR is the degree of social responsibility.*

Table 2: Descriptive statistics of qualitative variables

TAX	Frequency	Percentage
0	1. 869	53.52%
1	1.624	46.48%
Total	3.493	100.00 _
BIG4	Frequency	Percentage
0	2. 525	72.29%
1	968	27.71%
Total	3.493	100.00 _
CEOPOW	Frequency	Percentage
0	2. 384	68.25%
1	1.109	31.75%
Total	3.493	100.00 _

Note: Tax is tax avoidable; Audit is audit quality; ceopow is the power of the CEO.

Correlation Analysis

Next, the study examines the correlation between the variables in the research model with the results shown in Table 3. The analysis results admit that the correlation between the independent variables is within the allowable limit, which is difficult multicollinearity can occur (correlation coefficient < 0.8 and VIF < 10). Therefore, the model is valid enough to predict the impact of CSR with moderating CEO power on tax avoidance.

Table 3: Pearson Correlations and VIF Values

	TAX	CEOPOW	CSR	BIG4	LEV	SIZE	VIF
TAX	1						
CEOPOW	-0.019	1					1.64
CSR	0.001	0.6225	1				1.63
BIG4	0.046	-0.0278	0.0038	1			1.28
LEV	-0.156	0.0028	-0.0014	0.0225	1		1.17

SIZE	0.1164	-0.0203	-0.0055	0.4437	0.3504	1	1.46
Mean VIF							1.43

Source: Results from Stata 16

Multiple Regression Analysis

Table 4: Estimating regression using POOLED OLS, FEM, REM, FGLS

	POOLED OLS		FEM		REM		FGLS	
TAX	Coef.	p>t	Coef.	p>t	Coef.	p>t	Coef.	p>t
CEOPOW	-0.2329	0.002***	-0.2273	0.003***	-0.2328	0,002***	-0.2329	0.002***
CSR	-0.0359	0.525	-0.0345	0,539	-0.036	0,525	-0.0359	0.525
CSR*CEOPOW	0.3181	0.005***	0.3125	0.006***	0.3181	0.005***	0.3181	0.005***
BIG4	-0.0518	0.012**	-0.054	0.009***	-0.052	0.012**	-0.052	0.012**
LEV	-0.5323	0.000***	-0.541	0.000***	-0.5324	0.000***	-0.532	0.000***
SIZE	0.154	0.000***	0.1579	0.000***	0.1542	0.000***	0.154	0.000***
_cons	-1.106	0.000***	-1.148	0.000***	-1.107	0.000***	-1.106	0.000***
Statistics F/Waldchi2	F (6, 3.486) = 38.38***		F (6, 3.480)= 6.26 ***		Wald chi2(4)=230.27***		Wald chi2(6)=230.73***	

*Note: Statistical significance: ***; **;* de note significance at the 1%, 5%, 10% levels, respectively*

Source: Results from Stata 16

Table 4 shows that three models POOLED OLS, FEM, and REM all have F and Wald values with Prob values less than 1%, so all 3 models are considered appropriate. At the same time, we performed the F test, LM test, and Hausman test with the results Prob>F = 0.000, Prob>Chibar2 =0.000, Prob>Chi2 = 0.9979, respectively. The test results have confirmed that the REM model is the most suitable model for explaining the results.

In addition, for the research model to have sufficient estimated value, we perform two tests of variance and autocorrelation. The results of the White test and Woolridge test have Prob>Chi2 = 0.000 (less than 5%) and Prob>F = 0.1938 (greater than 5%). This means that the model violates the variable variance assumption, and this reduces the effectiveness of the REM model. In case the model is violated with variable variance assumption, we use the feasible generalised least squares (FGLS) estimation method for the result estimation; as Beck and Katz (1995) suggest, the study was unbiased and efficient.
According to the FGLS regression results in Table 4, it can be assumed that CSR disclosure with the moderating of CEO power has a positive impact on tax avoidance at a 1% significance level.

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That is, firms that disclosed more CSR with moderating CEO power were highly engaged in aggressive tax practices. This issue can be explained by the fact that if CEOs have expertise in finance and accounting, they will understand the law's provisions on information disclosure and the policies used to regulate the tax obligation to avoid as many taxes as possible. This research result is contrary to previous research views that the more information a company discloses about CSR, the less tax avoidance behaviour it has (Lanis &Richardson, 2015; Ki, 2012; Liu et al., 2019; Fuadah & Kalsum, 2021); the result agrees with the view that when publishing more information increases costs, increases tax avoidance (Davis et al., 2016; Zeng, 2019; Abid & Dammak, 2022). Therefore, this study gives evidence that firms disclosing more CSR information with the moderating effect of CEO power tend to have more tax avoidance. The results indicate that CSR is a substitute for tax amount rather than a complement to it. This is supported by the view that high tax amounts deter innovation in organisations, reduce employment, and lower the firms' contribution to social welfare, which aligns with the characteristics of Vietnam's economy.Besides, the research has found a negative and statistically significant association between audit quality and financial and tax avoidance. This shows that if Big Four companies audit companies or if they have a higher debt ratio, they have less tax avoidance behaviour. Meanwhile, firm size is positively related to tax avoidance at a 1% significance level, meaning that the larger the firm size, the higher the tax avoidance ability.

Conclusions

The main objective of this study is to examine the impact of social responsibility with the moderation of CEO power on tax avoidance. The study has provided evidence that the level of CSR information disclosure, regulated by CEOs with expertise in accounting and finance and being founders, increases tax avoidance behaviour. Furthermore, the study also acknowledges that audit quality and debt ratio limit tax avoidance behaviour, but larger companies do more tax avoidance than smaller ones.

Paying enough taxes also demonstrates the responsibility of enterprises to society, which is the foundation for sustainable development. Therefore, listed companies should try to limit tax avoidance to comply with the law and have a good image of their CSR. From the results of the study, the board of directors needs to consider appointing the founder of the unit to hold the CEO position to avoid excessively increasing power and increasing tax avoidance behaviour. Besides, companies may use financial leverage or use auditing services from Big4 to reduce tax avoidance.

However, the research also has some limitations. That research has not mentioned ownership characteristics, company culture, CEO profile as well as corporate governance characteristics related to tax avoidance. We hope these issues will be studied in the future.

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