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Corporate Social Responsibility and Tax Aggressiveness of Quoted Oil and Gas Firms in Nigeria

Sylvester K. Okoh, FCA, FCTI
Department of Accountancy
Chukwuemeka Odumegwu Ojukwu University
Igbariam, Anambra State, Nigeria
E – Mail: sylverokoh@yahoo.com

Orjinta Hope Ifeoma, PhD
Department of Accountancy,
Chukwuemeka Odumegwu Ojukwu University,
Igbariam, Anambra State
ifyorjinta@gmail.com
hi.orjinta@coou.edu.ng

Udoezika Dave
Department of Accountancy,
Faculty of Management Sciences,
University on the Niger
Onitsha, Anambra State
adaezenwayo@gmail.com
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Abstract
Corporate Social Responsibility (CSR) involves firms voluntarily engaging in practices that promote social good, which often includes ethical business practices, environmental stewardship, and community engagement. Investigating how CSR commitments correlates with tax aggressiveness necessitated this study. The study examined corporate social responsibility and tax aggressiveness of quoted oil and gas firms in Nigeria. The population of the study consists of twelve (12) quoted oil and gas firms in Nigeria. Secondary data was obtained from the audited annual financial reports of the quoted oil and gas firms in Nigeria from 2014 - 2023. Hypotheses formulated were tested using panel least squares regression through pooled effect, fixed effect, and random effect, determined by the Hausman test, fixed effect regression was preferred for results interpretation with the aid of E-views 10 econometric statistical software. Findings shows that corporate donations and social cost is negative (-3.056199) and significant at (0.0000). This negative impact of DSOC led to reduction in effective tax rate which is favourable to tax aggressiveness while, environmental cost is negative (-0.014754) and insignificant at (0.4268) to effective tax rate. This connotes that a rise in EVC by 1 unit will cause effective tax rate to reduce by 0.014754. The adjusted R-squared of 0.642196 suggests that DSOC and EVC account for roughly 64.2% of the variation in ETR, with the remaining 35.8% attributed to other factors not considered in this study. The study concludes that donations, social costs and environmental cost were the factors of corporate social responsibility that led to a decrease in the effective tax rate. The study therefore, recommends that given the significant negative impact of social costs (Donations) on tax aggressiveness, companies may consider increasing their social responsibility initiatives. This will not only

reduce their tax liability but also enhance their corporate image and stakeholder relations. Finally, since environmental costs do not show a significant impact on tax aggressiveness, companies should re-evaluate their environmental strategies to ensure they are effectively managing costs since there are no significant tax benefits.

Keywords: *Corporate Social Responsibility, Social Costs, Environmental Costs, Tax Aggressiveness, Effective Tax Rate*

1.0 Introduction

Tax is a compulsory levy imposed on income earners in accordance with the provisions of extant fiscal laws. Essentially, tax expenditure is expected to be administered in a manner that reasonably minimizes tax burden on the focal citizens. This privilege prevails more with corporate tax payers who either engage the services of tax consultants and/or undertake corporate social responsibility (CSR) activities, which are tax deductible (Agundu & Siyanbola, 2017). The concern of corporate entities in this regard borders on tax planning, tax avoidance, and tax evasion (Lanis & Richardson, 2015). The latter is more synonymous with tax aggressiveness (which is a common practice in the business world). Unlike tax avoidance (which is permissible) tax evasion (aggressiveness) prevails as illegal tax saving scheme, but the dividing line between them is thin. This accounts for the increasing research interest towards addressing national development issues linked with tax aggressiveness (Ylönen & Laine, 2015).

Corporate social responsibility has equally received much attention from various (organizational) stakeholders, locally and internationally, as modern organisations represent diverse interest groups, beyond the traditional view of seeking purely economic fortunes (Olowe, 1998; Lanis & Richardson, 2015). Operationally, there is no parity of CSR dynamics in developed and undeveloped nations due to circumstantial disparities which the latter suffer as a result of weak enforcement of regulations, malaise of corruption, and lack of awareness of basic rights amongst shareholders (Agundu & Siyanbola, 2017).

In recent years, the interplay between corporate social responsibility (CSR) and tax aggressiveness has garnered significant attention within the field of corporate governance and financial management. This relationship is particularly critical in developing economies like Nigeria, where regulatory frameworks and enforcement mechanisms are still evolving (Amodu, 2017). Tax aggressiveness, defined as the strategic manoeuvring by firms to minimize tax liabilities through various means, often walks a fine line between legal tax planning and unethical tax avoidance (Krishnaswamy, (2021). Meanwhile, corporate social responsibility entails companies' efforts to contribute positively to societal goals, encompassing ethical practices, environmental stewardship, and community engagement (Camilleri, (2017). For quoted oil and gas firms in Nigeria, understanding this dynamic is crucial. These firms operate in a complex economic environment characterized by diverse challenges such as fluctuating regulatory policies, varying levels of transparency, and stakeholder expectations for ethical conduct and social contribution. The Nigerian Stock Exchange, being a prominent platform for these firms, imposes a unique set of pressures and incentives that shape their financial and social strategies (Osinubi, 2020).

According to Buberwa, (2023), the examination of tax aggressiveness within the context of CSR activities provides insights into whether firms view CSR as a genuine commitment to societal welfare or as a strategic tool to potentially obscure aggressive tax practices. This dual perspective is vital in assessing the ethical and financial dimensions of corporate behaviour. Moreover, the Nigerian context, with its distinct regulatory, economic, and cultural landscape, offers a rich setting for exploring these phenomena (Nwagbara, 2020).

Past empirical studies however, scarcely considered the effect of corporate social responsibility on the resultant profitability gap from tax aggressiveness. More so, extant empirical studies hardly conducted their research investigation during the period 2014 to 2023. The results of these studies may also not be similar due to differences in study locations and timing. Studies like Agama and Nkak (2020), Arifin and Rahmiati (2020), Agundu and Siyanbola, (2017) etc. had a similar study but used different proxies of CSR from the current study such as community health donations and involvement, environmental health programs, environmental disclosure etc. Therefore, this research tailored these identified knowledge gaps as it investigates the relationship between corporate social responsibility and tax aggressiveness among quoted oil and gas firms in Nigeria. It seeks to determine whether firms engaging in CSR practices simultaneously exhibit higher level decrease in effective tax rate as a means to manage their reputation and mitigate potential backlash. By analyzing data from these firms, the study contributed to the broader discourse on corporate ethics, governance, and the role of CSR in emerging markets.

Objectives of the Study

- **i.** To determine the effect of Social cost (Donations) on Tax aggressiveness of oil and gas companies in Nigeria.
- **ii.** To ascertain the effect of Environmental cost on Tax aggressiveness of oil and gas companies in Nigeria.

2.0 Conceptual Review

Corporate Social Responsibility

Corporate Social Responsibility (CSR) refers to the concept where businesses and corporations integrate social and environmental concerns into their operations and interactions with stakeholders. It encompasses a broad range of activities and policies aimed at contributing positively to society, going beyond the pursuit of profit to include ethical, sustainable, and community-focused practices. Ndalu, Ibanichuka and Ofurum, (2021) assert that CSR occurred as a result of community members' demands for enterprises to incorporate community environmental and social concerns into their activity strategy, as the company's interests extend beyond profit to both stakeholders and shareholders. Corporate Social Responsibility is the ability of a company to be able to overcome the negative implications as a result of the company's production process, company operations and company facilities (Renouard, & Ezvan, 2018). One way to overcome these negative implications is to minimize the negative impacts caused by the production and operational processes of the company, maximize company efficiency and minimize negative practices that can affect a country's natural resources for future generations (Balakrishnan, 2011).

The Global Reporting Initiative (GRI) is a popular framework used by researchers involved in CSR studies. The GRI encompasses four major aspects of firm‘s performance, economic, environmental, social and governance. The standard contains cohesive reporting on financial and sustainability outcomes. They emphasize that an organization needs to coordinate these areas into its procedures to guarantee short and long haul business achievement and risk management. GRI also incorporates providing details on tax payment. Organizations are particularly expected to provide details regarding assessment reliefs, tax credits and tax holidays on a country basis (Hopkins, 2019). The program is centered on reporting and does not give direction on standards or other guidance for creating substance of tax strategies in connection to CSR (Sethi, Martell, & Demir, (2017). It rather recommends different methods in which reporting on tax matters is pertinent for firms. For the purpose of this study CSR will be measured in terms of corporate social cost such as donations and environmental cost such as drainages and constructions carried out in 2014 - 2023.

Social Cost

Social cost refers to the total cost to society due to an activity or decision, including both private costs incurred by individuals or businesses and external costs borne by others. These external costs, also known as externalities, can impact third parties and are not reflected in the market price of goods or services (Libecap, 2014). Social costs encompass a wide range of economic, environmental, and social impacts. Maheshwari (2013) as cited in Iheduru & Ike, (2019) assert that social costs is any cost or sacrifice to the society or any of its elements whether economic or non-economic, internal or external. He further, emphasized that social costs can be a sacrifice whether economic or non-economic made by society and is not paid for such as damages to air, soil and water, due to disposal of waste by a business entity and if entity is making any payment for reduction of air, soil and water pollution, can be shown as social benefits. While, social accounting is concerned with the measurement and disclosure of costs and benefits to the society as a result of operating activities of a business enterprise (Iheduru & Ike, 2019). Thus, social accounting measures social costs and social benefits as a result of business activities for communication to various groups both within and outside the business (Maheshwari, 2013). Wason (2006) defined Social accounting as that part of accounting concerned with the process of identification, measurement and communicating the contribution made by the business enterprise to the society in which the business enterprise is born and thereafter grow. Iheduru (2018) as cited by Iheduru and Ike (2019) sees social accounting as the "process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large.

Environmental Cost

Environmental cost refers to the economic impact of environmental degradation and resource depletion caused by human activities. These costs can be direct, such as expenditure on pollution control technologies, or indirect, such as the loss of ecosystem services that support human life and economic activities. According to Osemene and Olaoye (2009), environmental cost is seen as the cost incurred on natural resource at macro level, ecological accounting at local administration level and at micro level managerial accounting. Environmental cost is cost incurred in monetary value for prevention and reduction of environmental impact as well as

cost of restoration and removal after damage. It has to do with all allocated cost for the prevention, reduction and or avoidance of environmental impact, removal of such impact, restoration in the case of occurrence of a disaster and other activities (Agboola and Oroge, 2019). Environmental costs within a business area are cost for activities to reduce environmental impact which occurs within the business area due to key business operations. The business area is the region of operations where the company directly impacts the environment. Environmental cost in this case is composed of cost of pollution prevention, cost of environmental performance and cost of resource recycling.

A great deal of interest has been focused on the relation between business activities and environmental issues as companies are now expected to be more environmentally responsible (Christmann & Taylor (2001) as cited in Agboola and Oroge, 2019). An increasing number of companies worldwide are putting in place environmental management systems as part of their efforts towards better environmental cost management (Melnyk, Sroufe & Calantone 2003). Measuring environmental cost and setting targets is a critical component for organizations to become more productive, more profitable, and more sustainable (Freedman, 2006). Monitoring key metrics such as energy, waste, and water usage leads to reductions in greenhouse gas emissions as well as operational efficiency improvements and cost savings (Agboola and Oroge, 2019). When environmental costs are not adequately allocated, cross-subsidization occurs between products. In most cases, different products are made by different processes, and each process tends to have a different environmental cost (Christ & Burritt, 2013).

Tax Aggressiveness

Tax aggressiveness refers to strategies employed by individuals or corporations to minimize their tax liabilities through legal but often complex and potentially contentious means. These strategies can range from taking full advantage of available tax deductions, credits, and incentives to engaging in practices that exploit loopholes and ambiguities in tax laws Boadway, & Flatters, (2023). While tax aggressiveness is within the bounds of legality, it often pushes the limits of what is considered acceptable or ethical by regulatory authorities and the public.

According to Okoh and Ofor, (2022), the terms "tax avoidance," "tax management," "tax planning," and "tax sheltering," all of which are related, are frequently used to describe business operations aimed at lowering tax burdens or raising after-tax cash flows through the optimization of the effective tax rate. According to Frank Frank and Lynch (2009), tax aggressiveness is an action taken by companies to reduce taxable income through tax planning, both legal through tax avoidance as well as illegal by tax evasion. Although not all of the actions taken violate the rules, the more loopholes a company uses, the more aggressive the company is.

Tax aggressiveness is a corporate strategy that is not in line with community expectations (Lanis, dan & Richardson 2013). There is no universally accepted definition or measure of tax aggressiveness (Balakrishnan, 2011). Hlaing (2012) defines tax aggressiveness as the tax planning activity of all companies involved in reducing the effective tax rate. It can be concluded that tax aggressiveness is part of tax management in terms of tax planning, where it is associated with tax avoidance or evasion. Tax aggressiveness planning leads to tax avoidance

which is included in legal action in an effort to reduce the amount of tax that the company must pay.

Aggressive tax planning or strategic tax behaviors are activities generally designed to reduce tax liability that includes tax evasion, tax evasion and legitimate saving of taxes (Okoh & Ofor, 2022). Prior researches have described the concept of tax aggressiveness as the processes, strategies, mechanisms and actions designed and applied by the management of entities to maximize income by carefully and intentionally reducing the tax base of the reporting entity (Tijjani, 2019; Onatuyeh & Ukolobi, 2020; Jbir, Neifar, & Makni Fourati, 2021). As observed from the literature, tax aggressiveness as a concept has interchangeably been used with terms like tax planning, tax avoidance, tax minimization, tax management and tax sheltering (Aronmwan, & Ogbaisi, 2022).

Salihu and Kawi (2021) classified tax aggressiveness strategies under three (3) broad categories. Prominent among these categories of tax aggressive strategies is the effective tax rate (ETR) which is considered as the most relevant and superior measure of the ability of oil and gas firms to minimize tax liabilities (Oyeleke, Erin & Emeni, 2016). Thus, companies are deemed to be tax aggressive where their respective ETR appears to be less than the rate of their company income tax (CIT). It is therefore worthy to note that prior studies used many measures of tax aggressiveness such as effective tax rate, book-tax difference measures and a residual book-tax difference (Aronmwan, & Ogbaisi, 2022; Salihu and Kawi, 2021; Nwezoku & Egbunike, 2020). This study used effective tax rate (ETR) as a measure for tax aggressiveness in line with other prior studies.

11. Theoretical Framework

A theoretical framework is a structure that guides research by providing a clear rationale for the hypotheses or propositions being studied. It consists of the existing theories that are related to the research problem. This study considers legitimacy and stakeholders' theory to underpin the objective of the study. The study therefore is anchored on the legitimacy theory propounded by Edward Freeman (1984) because it underpins the objectives of the study.

Legitimacy Theory

Legitimacy theory was developed to reshape corporate management perceptions about firm community concerns in order to enable their firms to survive long in the business cycle as going concern entity (Gray, Kouhy, & Lavers, 1995). According to legitimacy theory, there exists "social contract" between firm and the society within which the firm carry out its activities. Legitimacy Theory is a theory that focuses on the interaction between companies and stakeholders. Companies need legitimacy or recognition from investors, creditors, consumers, government and society in order to maintain its survival. Corporate awareness that the survival of the company is very dependent on the company's relationship with society and the environment, then in accordance with the theory of legitimacy companies are required to be able to perform its activities in accordance with the values of justice and limitations norms prevailing in society.

The Stakeholder Theory

The stakeholder theory was also propounded by Edward Freeman (1984). The theory assumes that organizations are not solely responsible to their immediate shareholders but are also responsible to its other stakeholders. Accordingly, Freeman (1984) proposes that there are several stakeholders of a firm and they are identified based on their interests in the firm. As such, stakeholders include shareholders, suppliers, customers, employees, and even the public. Therefore, firms from this perspective are expected to engage in a responsible manner towards this group of persons while acknowledging a duty of care. Stakeholder theory suggests that the needs of shareholders and stakeholders of an organization should be met side by side with consideration being given to both sides. Hawkins (2006) argues that an inclusive stakeholder approach makes it possible for firms to maximize their shareholders wealth whilst increasing total external value added to the firm. The stakeholder theory proposes an integrative social contract between externalities to the business and its internal workings. Thus, an organization can be seen to be fair towards its externals by carrying out activities that advance their development and are not seen to be harmful towards this group. This includes, refraining from tax aggressive behaviour or tax avoidance.

111. Empirical Reviews

The existing literatures on CSR and tax aggressiveness have yielded different results and are presented below:

Agama and Nkak (2020) investigated the relationship between corporate social responsibility performance and tax aggressiveness of listed industrial and consumer goods manufacturing firms in Nigeria during the period 2014 to 2018. A sample size of 40 listed manufacturing firms selected from the sampling frame were analysed with the use of panel data in accordance with the multiple ANOVA specification techniques. The results generally showed a negative and significant relationship on the variables investigated. The showed that tax aggressive listed industrial and consumer goods manufacturing firms may unlikely sustain the performance of their corporate social responsibilities. Our study recommended that accounting personnel in listed industrial and consumer goods manufacturing firms in Nigeria should check and cut down on the practice of tax aggressiveness and also advice company management to do the same, since it has negative effect on corporate social performance.

Arifin and Rahmiati (2020) studied the relationship between Corporate Social Responsibility and Tax Aggressiveness: An Indonesian Study. The study aims to analyse the relationship between the dimension of corporate social responsibility as a whole and each dimension of 'tax aggressiveness'. The Corporate Social Responsibility (CSR) disclosure was measured using the index of Global Reporting Initiatives (GRI) version 4 and ISO 26000:2010 Clauses. The non-financial listed firms in the Indonesia Stock Exchange (IDX) for the period 2015 to 2017 was used, amounting to 304 firm-years observations as a research sample. The analytical techniques used are ordinary least square regression with SPSS software version 21. The results showed that the CSR as a whole had a relationship to tax aggressiveness. This research also showed that the dimensions of the CSR, namely the general dimensions and social dimensions, have a relationship to tax aggressiveness, while for economic dimension and environmental dimension have no relationship to aggressive tax. This research can be used for governments

and policymakers to consider and maximize state tax acceptance by monitoring the firms' CSR disclosure practices.

Wijaya and Mulya (2020) study was conducted to examine the effect of corporate social responsibility on tax aggressiveness and its impact on financial performance. The sample in this study is mining companies listed on the Indonesia Stock Exchange in the 2012- 2017 period. The sampling technique used in this study was purposive sampling, where in the purposive sampling sample the mining companies were selected. The analysis technique used is multiple regression analysis. The results showed that corporate social responsibility did not have a significant effect on tax avoidance, tax avoidance had a significant effect in the opposite direction on financial performance and corporate social responsibility had no significant effect on financial performance.

Agundu and Siyanbola, (2017) studied tax aggressiveness and corporate social responsibility fluidity in Nigerian firms. This study examines interfacing and intervening variables using data from 13 distinguished firms among Nigerian Stock Exchange (NSE) top 30. The analytical methods involve descriptive, correlation and regression statistics, with robust, fixed and random effects consideration. The results establish that tax aggressiveness is significantly related with CSR focal components (environmental enhancement and community involvement). Accordingly, the firms are implored to leverage on their fortunes to enhance tax compliance and reinvent CSR indulgence among globally competitive entities. This should strategically synchronize with transaction, speculation and precaution financing intents to forge mutually expedient cash flow mechanisms for sustainable corporate advancement and national development. The study made use of environmental disclosure and community involvement as proxies of CSR while, included in the current study is social cost (donations) and environmental cost (drainages and road constructions) to fill in the gap.

Lanis and Richardson (2012) studied the relationship between corporate social responsibility (CSR) and corporate tax aggressiveness. Based on a sample of 408 publicly listed Australian corporations from 2008 to 2009 financial year, the results of their analysis show that the higher the level of CSR disclosure of a corporation, the lower is the level of corporate tax aggressiveness. The findings showed a negative and statistically significant association between CSR disclosure and tax aggressiveness, thus they opined that more socially responsible corporations are likely to be less tax aggressive in nature.

Hoi, Wu and Zhang (2013) examined the link between corporate social responsibility (CSR) and tax avoidance. They used a sample of Australian companies and their own ―broad based disclosure index‖ for the measurement of CSR. From an additional examination, which separates their CSR disclosure proxy into different constituents, they showed that ―the social investment responsibility and corporate CSR policy of a corporation are significant components of CSR activities that have a negative impact on tax aggressiveness. Compared to Lanis and Richardson (2012), Hoi et al. (2013) utilized a number of measures for tax avoidance using a sample of 76 U.S. firms and third-party source to measure CSR activities (negative social ratings obtained from KLD Research & Analytics, Inc.).

3.0 Methodology

The study investigated corporate social responsibility and tax aggressiveness of quoted oil and gas firms in Nigeria**.** The research design adopted in this study was *ex-post facto* research

design; hence the study is a descriptive research. The population of the study consists of twelve (12) quoted oil and gas firms in Nigeria. Secondary data was obtained from the audited annual financial reports of the quoted oil and gas firms in Nigeria through Nigerian Stock Exchange from 2014 - 2023. Hypotheses formulated were tested using panel least squares regression through Levin, Lin and Chun Unit Root Test, determined by the Hausman test, fixed effect panel regression was preferred for results interpretation with the aid of E-views 10 econometric statistical software.

Model Specification

The functional form of the study is given as follows;

$ETR = f(DSOC, EVC)$ 3.1

The econometric form of the model is stated as:

$ETR_{it} = \alpha_0 + \alpha_1 DSOC_{it} + \alpha_2 EVC_{it} + \mu_{it}$ 3.2

α_1 and $\alpha_2 < 0$

Where; ETR = Effective tax rate, DSOC = Corporate social responsibilities in terms of donations and social costs, EVC = Corporate social responsibilities in terms of environmental costs, α_1 and α_2 = Constant parameters, α_0= Intercept, it = different firm I in year t, μ = Error term.

4.0 Results and Discussions

4.1 Data Analyses

Table 4.1: Descriptive Statistics

	ETR	DSOC	EVC
Mean	29.65508	45.24294	71.15133
Median	27.04500	15.08500	65.00200
Maximum	78.33000	65.35008	83.01809
Minimum	10.42000	8.908000	0.000000
Std. Dev.	13.21910	64.45838	45.04008
Skewness	1.696055	2.600186	9.214383
Kurtosis	6.094840	13.38480	13.61591
Jarque-Bera	10.36652	16.31990	14.04174
Probability	0.000000	0.000000	0.000000

Source: E-views 10 Output

Table 4.1 shows the mean values of ETR, DSOC, and EVC as 29.65508, 45.24294, and 71.15133 respectively. The highest and lowest values of 78.33 and 10.42, 65.35008 and 8.908000, and 83.01809 and 0.00 respectively. The level of dispersal from their mean values (ETR, DSOC, and EVC) are 13.21910%, 64.45838%, and 45.04008% respectively. All the variables (ETR, DSOC, and EVC) are skewed positively. For kurtosis, all the variables have their values above 3 (6.094840, 13.38480, and 13.61591, respectively), implying that they are all leptokurtic. Similarly, they are all not normally distributed as their Jarque-Bera p-values are below 5% level.

Table 4.2: Results of Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.214208	2	0.0271

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
DSOC	0.018908	0.022483	0.000008	0.0095
EVC	-0.075295	-0.071848	0.001271	0.0030

Source: E-views 10 Output

The Hausman Test results in Table 4.2 favoured the fixed effects model over the random effects model. Using the fixed effect approach, this study will conduct its analysis, draw conclusions, and provide suggestions.

Table 4.3: Fixed Effects Panel Regression Result Estimate

Dependent Variable: ETR
Method: Panel Least Squares
Date: 05/27/24 Time: 10:21
Sample: 2014 2023
Periods included: 10
Cross-sections included: 12
Total panel (unbalanced) observations: 118

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DSOC	-3.056199	0.306044	-9.986149	0.0000
EVC	-0.014754	0.018501	-0.797475	0.4268
C	31.74786	1.794990	17.68693	0.0000

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.748619	Mean dependent var	29.65508
Adjusted R-squared	0.642196	S.D. dependent var	13.21910
S.E. of regression	12.93720	Akaike info criterion	8.069085
Sum squared resid	17406.60	Schwarz criterion	8.397811
Log likelihood	-462.0760	Hannan-Quinn criter.	8.202558

F-statistic	19.96495	Durbin-Watson stat	2.282872
Prob(F-statistic)	0.000468		

Source: E-views 10 Output

Table 4.3 shows that DSOC is negative (-3.056199) and significant (0.0000) to ETR. This implies a unit rise in DSOC will lead to a reduction in effective tax rate by -3.056199 units. EVC is negative (-0.014754) and insignificant (0.4268) to ETR. This connotes that a rise in EVC by 1 unit will cause effective tax rate to reduce by 0.014754 units. The adjusted R-squared of 0.642196 suggests that DSOC and EVC account for roughly 64.2% of the variation in ETR, with the remaining 35.8% attributed to other factors not considered in this study. Furthermore, a Durbin-Watson value of around 2 (2.282872) suggests that the model lacks first order autocorrelation. Finally, the F-stat value of 19.96495 shows that the model is well fitted.

5.0 Discussion of Findings

Corporate Social Responsibilities (Donations and Social Costs) and Tax Aggressiveness

Corporate social responsibility, which includes donations and social costs, has a positive and significant impact on tax aggressiveness. This indicates that there is an inverse relationship between the level of corporate social responsibilities, such as donations and social costs, and the effective tax rate. In other words, as the level of corporate social responsibilities increases, the effective tax rate decreases. This is because corporate social responsibilities, such as donations and social costs, enhance the public perception of organizations and contribute to their corporate image.

Corporate Social Responsibilities (Environmental Costs) and Tax Aggressiveness

The effect of corporate social responsibilities, specifically environmental costs, on tax aggressiveness in Nigeria is found to be both negative and insignificant. This implies that as corporate social responsibilities increase in relation to environmental costs, tax aggressiveness decreases. However, this relationship is not significant. This can be attributed to the inadequate allocation of funds for environmental expenses by oil and gas companies operating in Nigeria due to ineffective institutional policies governing environmental waste management.

6.0 Conclusion and Recommendations

6.1 Conclusion

This study looked at the relationship between corporate social responsibilities and tax aggressiveness in Nigeria using twelve (12) quoted oil and gas firms from 2014 to 2023. Data was acquired during the study period from selected firms' annual reports and the Nigerian Stock Exchange's (NSE) daily official lists. Descriptive statistics and ordinary least square regression in the form of a fixed effects model were utilized at the 5% significant level. The study concluded that donations and social costs were the factors of corporate social responsibility that led to a decrease in the effective tax rate in Nigeria.

6.2 Recommendations

Based on the conclusions of the study, we make the following recommendations:

1. Given the significant negative impact of social costs (Donations) on tax aggressiveness, companies may consider increasing their social responsibility initiatives. This will not only reduce their tax liability but also enhance their corporate image and stakeholder relations.

2. Since environmental costs do not show a significant impact on tax aggressiveness, companies should re-evaluate their environmental strategies to ensure they are effectively managing costs since there are no significant tax benefits.

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