Corporate social responsibility and tax avoidance: the effect of ownership structure Empirical evidence in European context

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Abstract

This study examines the relationship between corporate social responsibility (CSR) and tax avoidance. It also examines the impact of ownership structure on this relationship. Based on a sample of 300 European companies during the period 2014 - 2019, we use OLS regression models and find a negative association between corporate social responsibility and tax avoidance, which is consistent with agency theory concepts. In addition, we find that the variable family owned-firms moderate this relationship. These findings indicate that family firms are more socially responsible than non-family firms due to their socio-emotional endowments, and therefore are less tax avoidant.

Keywords: Tax avoidance, corporate social responsibility (CSR), Cash effective tax rate, Ownership structure, Family firms.