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Corporate Social Responsibility (CSR) and Tax Avoidance: A Literature Review on Contextual Factors

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ABSTRACT

As empirical research on the relationship between corporate social responsibility (CSR) and tax avoidance has stressed heterogeneous results, this literature review focuses on contextual factors of this dynamic link. Seventy-three peer-reviewed archival studies on that topic are identified, leading to either a positive or a negative impact of CSR on tax avoidance and vice versa. This paper recognizes the controversial views of the principal-agent and stakeholder theories. Firm- and country-related moderator variables are recognized as contextual factors. Moreover, country-specific studies are further separated into developed and developing countries, code law and case law regimes, levels of shareholder protection and legal enforcement. We find that archival studies often analyze the impact of CSR performance on tax avoidance in Anglo-American countries (case law and developed regimes), while other directions are rarely included. In line with our inconclusive theoretical framework, we cannot find clear indications of a positive or negative relationship between CSR and tax avoidance. Moreover, we cannot identify major differences between developed and developing regimes, case and code law regimes, and levels of shareholder protection and legal enforcement. However, some tendencies can be identified that effective corporate and country governance strengthens (weakens) the negative (positive) impact of CSR on tax avoidance. We guide researchers in stressing major limitations of prior studies and articulate recommendations for future research designs.

1 | Introduction

The publication of stand-alone corporate social responsibility (CSR) reports and related CSR performance measures is mainly motivated by stakeholder pressure and recent regulatory CSR initiatives for public interest entities (PIEs) (KPMG 2022). While CSR reporting is still voluntary in many regimes, some countries have already implemented mandatory CSR reports (e.g., the European Union or China) (Cao et al. 2024). This development leads to a significant increase in CSR information and related CSR performance measures in recent years (Lanis and Richardson 2012; Cao et al. 2024). In comparison to traditional financial statements, CSR reports intend to decrease information asymmetries between management and stakeholders based on the triple-bottom-line or environmental, social and governance (ESG) concepts (Rudyanto 2025). While PIEs regularly report on their major CSR issues, greenwashing and information overload reduces the decision usefulness of CSR reporting (Mahoney et al. 2013). As CSR information, for example, biodiversity data, lack objectivity and reliability, firms may use CSR reporting as a self-impression management tool to realize individual goals (Mahoney et al. 2013). However, CSR reports fulfill a major signaling function for stakeholders, as top management informs the public about their (un)successful CSR achievements. This should lead to increased CSR performance and overall firm reputation (Rudyanto 2025).

In line with CSR efforts, corporate tax avoidance has gained increasing relevance in recent stakeholder and governmental discussions (Hanlon and Heitzman 2010; Wilde and Wilson 2018). Corporate tax avoidance is classified as "anything that reduces the firm's taxes relative to its pretax income" (Dyreng et al. 2008), covering various activities, regardless of whether there are "aggressive" or not and whether they are legal or illegal. Media coverage on low tax payments of well-known multinational corporations (e.g., Apple, Facebook, and Starbucks) have caused various concerns of unethical tax strategies (Sarhan 2024; Kovermann and Velte 2021). Consequently, next to CSR reporting, some regimes have implemented mandatory country-by-country reporting as a major instrument of tax transparency (e.g., the European Union). Moreover, the Global Reporting Standard (GRI) 207 connects CSR and tax reporting, stressing the interdisciplinarity between environmental, social and tax strategies (Hardeck et al. 2024). On a global level, the OECD launched the Base Erosion and Profit Shifting (BEPS) project to decrease tax aggressiveness and realize ethical corporate tax behavior. However, relying on classical shareholder value maximization policies, tax avoidance satisfies (short term) shareholders' preferences, because it promotes cash flows and after-tax incomes (Austin and Wilson 2017). However, publicly known tax avoidance may destroy firm reputation due to adverse stakeholder reactions (Jiang et al. 2024). Tay payments mainly contribute to public value creation in the specific hometown country as a key element of CSR (Sarhan 2024; Huang and Watson 2015).

From a research perspective, we stress an increased amount of empirical studies on the link between CSR and tax avoidance with heterogeneous results (e.g., Sarhan 2024). In line with principal agent theory (Ross 1973; Jensen and Meckling 1976) and stakeholder theory (Freeman 1984), CSR is either positively or negatively connected with tax avoidance and vice versa. In view of these inconclusive results, we highlight an urgent need to prepare a structured literature review and with a focus on firm- and governance-related moderator effects and a detailed classification of country-related studies as contextual factors, which may explain the heterogeneous relationship between CSR and tax avoidance. Our approach contributes to prior literature reviews on that topic with a different strategy. Marques et al. (2024) conducted a meta-analysis on CSR and tax avoidance with a limited amount of 23 studies with a dominance of 18 studies on US firms. Firm or country-related moderators were not addressed by the authors. The literature review of Jemiolo and Farnsel (2023) focused on the variation of CSR and tax avoidance proxies as moderator variables, while other factors were rarely mentioned. Kovermann and Velte (2021) summarized the empirical quantitative research on CSR and tax avoidance as the main direction, while referring to a broader inclusion of stakeholder aspects (e.g., the impact of board gender diversity on tax avoidance). Krieg and Li (2021) included few discussions in their literature review on some moderators in a rather broad and unstructured manner. Scarpa and Signori (2023) did not restrict their review on empirical (quantitative) research and thus did not concentrate on moderator effects. Similar strategies refer to the review of Whait et al. (2018), so that prior studies have not fully integrated firm-level (micro) and country-level (macro) moderators in explaining the CSR-tax avoidance relationship. This literature review explicitly addresses this specific research gap to guide researchers.

First, we focus on moderator analyses of the link between CSR and tax avoidance as a relevant contribution to the field. We assume that firm and country-specific factors moderate this complex relationship. Second, we structure the country-specific studies in developed (Anglo-American and Continental European regimes) and developing countries (African and Asian regimes), case law and code law regimes, and regarding the strength of shareholder protection and legal enforcement. It is assumed that these country-related factors have a significant impact on the link between CSR and tax avoidance. As code law regimes relate to increased stakeholder orientation (La Porta et al. 2008) in comparison to case law countries, a negative link between CSR and tax avoidance is assumed. Regimes with higher levels of enforcement and investor rights should pressure firms to promote CSR activities and to reduce tax avoidance. The inclusion of country effects is mainly relevant for this research topic, and it mainly contributes to prior studies. We stress the following research questions (RQ):

RQ1. *Which firm- and country-related aspects have a moderating impact on the link between CSR and tax avoidance?*

RQ2. *Do specific country effects based on the comparison of country-specific research* (*code law* versus *case law regimes, developing* versus *developed countries, strength of shareholder protection and legal enforcement*) *impact the link between CSR and tax avoidance?*

Our literature review is most important for researchers, practice, and regulators to analyze the complex relationship between CSR and tax avoidance in detail. We differentiate between CSR reporting and CSR performance as major CSR proxies as well as between Book-Tax-Differences (BTD), Effective Tax Rate (ETR) and other proxies of CSR and tax avoidance. Moreover, the impact of CSR on tax avoidance and the inverse direction is analyzed separately, highlighting a potential bi-directional link between CSR and tax avoidance. Our literature review indicates that most researchers have analyzed the impact of CSR, especially of CSR performance, on tax avoidance in Anglo-American (case law) settings (e.g., Lassoued et al. 2024). However, clear indications were not found that CSR is positively or negatively related to tax avoidance. Regarding moderator analyses in prior studies, there are some tendencies that corporate and country governance weakens (strengthens) the positive (negative) impact of CSR on tax avoidance as assumed. Moreover, the differentiation between case law versus code law regimes, developing versus developed countries, and the degree of shareholder protection and legal enforcement do not impact the relationship between CSR and tax avoidance significantly. We stress key limitations of prior studies and formulate recommendations for future research designs, as we assume an increased awareness of empirical research on that topic in the following years.

Our study is structured as follows. We start with a theoretical foundation of the relationship between CSR and tax avoidance, based on principal agent and stakeholder theories (Section 2). Then, we present our research framework (Section 3.1) and the research design (Section 3.2). Section 4 deals with the major results of the literature review (Section 4.1), moderator analyses (Section 4.2), the impact of CSR on tax avoidance, based on country effects (Section 4.3), the inverse link between tax avoidance and CSR, based on country effects (Section 4.4), and the major results of the review (Section 4.5). Moreover, we stress key limitations of prior studies and recommendations for future research (Section 5). Finally, we present a summary in Section 6.

2 | Theoretical Framework

2.1 | Positive Link Between CSR and Tax Avoidance, Based on Principal Agent Theory

From a theoretical perspective, the link between CSR and tax avoidance is heterogenous regarding the direction of the relationship and the sign (Kovermann and Velte 2021). As prior reviews on that topic have differentiated between principal agent and stakeholder theories to illustrate a possible positive or negative link (e.g., Krieg and Li 2021), we also follow this strategy. According to principal agent theory (Ross 1973; Jensen and Meckling 1976) and the so-called "moral licensing hypothesis", top managers intend to receive a license from something good they have done. CSR activities, for example, performance and reporting measures, mask the opportunistic behavior of executive directors, leading to higher levels of tax avoidance (Krieg and Li 2021). In this context, CSR is a self-impression management tool for stakeholder attraction without substantial sustainable management strategies (Kovermann and Velte 2021). This behavior will lead to increased risks of information overload and CSR decoupling (Mahoney et al. 2013). As CSR reporting and related performance metrics are linked to restricted comparability and objectivity, agency problems may be high (Ross 1973; Jensen and Meckling 1976). Except for Global Reporting Initiative (GRI) standard No. 207 as a voluntary tax-related CSR reporting standard, CSR and tax information are normally disconnected, leading to a low degree of information value for stakeholders (Krieg and Li 2021). CSR efforts may be used symbolically to mask unethical tax behavior, leading to higher degrees of tax avoidance.

2.2 | Negative Link Between CSR and Tax Avoidance, Based on Stakeholder Theory

In contrast to principal agent theory, stakeholder theory (Freeman 1984) assumes a negative relationship between CSR and tax avoidance. According to the so-called "moral track hypothesis", corporations recognize a broad range of stakeholder interests in their business strategies and processes (Freeman 1984). Based on stakeholder theory, there is a high probability that firms include an ambitious stakeholder management system with the consequence of sound CSR reports and related performance measures (Freeman 1984; Du and Li 2024). This leads to a massive reduction of information overload and greenwashing behavior. As managers are intrinsically motivated to achieve a successful sustainability transformation in line with stakeholder preferences, they implement integrated CSR and tax management processes, leading to lower degrees of tax avoidance (Marques et al. 2024). Moreover, sustainability reports inform about corporate ethical tax behavior to increase stakeholder trust and firm reputation (e.g., based on GRI 207 and/or country-by-country reporting). Socially responsible firms conduct less tax avoidance as it would destroy public value for the respective regions and countries, where the headquarters of the PIE are (Kovermann and Velte 2021). The moral track hypothesis is directly related to signaling theory, leading to an extended external communication policy about the major CSR and tax issues (Velte 2024a).

2.3 | Is the Link Between CSR and Tax Avoidance Bi-Directional?

In line with the controversial sign of the relationship between CSR and tax avoidance, it is questionable whether CSR (independent variable) leads to tax avoidance (dependent variable) or vice versa. We already mentioned that most included studies have addressed the impact of CSR on tax avoidance (e.g., Du and Li 2024), while an inverse direction was rarely addressed (e.g., Xu et al. 2022). Furthermore, a bi-directional link (dynamic relationship) between CSR and tax avoidance may be realistic. In business practice, simultaneous decisions on CSR and tax strategies and related processes are usual instead of assuming a major time lag between these decisions. Thus, CSR reporting (performance) may have a significant impact on tax avoidance in the same business year and vice versa. However, a specific CSR situation in the firm may lead to a change in tax management and vice versa (Feng et al. 2024). This assumption of a dynamic link between CSR and tax avoidance relates to endogeneity concerns, which should be recognized in econometric modeling.

The next section will present the research framework, the research method, the sample selection of our included studies, and the descriptive analysis of the studies. Then, the major results on the impact of CSR on tax avoidance and vice versa will be stated, based on contextual factors and moderator analyses.

3 | Research Framework and Research Design

3.1 | Research Framework

Figure 1 illustrates the research framework. Our major intention is to structure empirical quantitative studies on the relationship between CSR and tax avoidance and vice versa. We start with prior research on the impact of CSR on tax avoidance. Then, we summarize the studies on the influence of tax avoidance on CSR, based on potential reserved causality issues. We separate CSR measures into CSR performance and reporting, which is common in prior literature reviews (Krieg and Li 2021; Kovermann and Velte 2021). CSR performance is usually collected from external databases, for example, Refinitiv or the former KLD database. CSR reporting refers to the annual external communication of CSR, either in a stand-alone sustainability report or integrated in the business or management reports. CSR reporting quality is normally measured by content analyses and self-created scores, lacking comparability. Moreover, some external databases on CSR reporting scores are available, for example, prepared by Bloomberg.

Tax avoidance variables are differentiated into Effective Tax Rates (ETR) and Book-Tax Differences (BTD). ETR represent

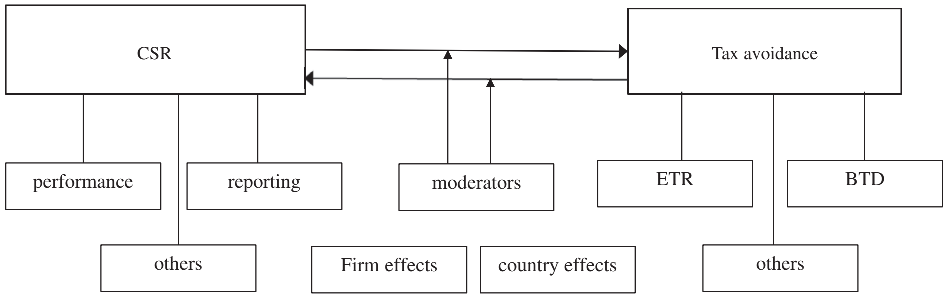

FIGURE 1 | Research framework.

the ratio of tax expense to pretax book income. Thus, lower ETR leads to lower tax expenses resulting from tax avoidance. However, inflation of book income may also result in a low ETR, whereby "low" means lower than the statutory tax rate. ETR can easily be collected from financial statements, which explains the great attraction of this variable in prior research (e.g., Garcia et al. 2024). In detail, several modifications of ETR exist in the literature, mainly GAAP ETR, Current ETR and Cash ETR (Kovermann and Velte 2021).

In line with ETR, BTD is the second important variable in empirical research on tax avoidance. In general, BTD is the difference between book income and taxable income (Kovermann and Velte 2021; Krieg and Li 2021). BTD can be either positive (= book income exceeding taxable income) or negative. As tax avoidance leads to increased book income and decreased taxable income, BTD is usually assumed to have a positive sign. Most researchers have recognized estimated BTD as the difference between book income and estimated taxable income (e.g., Meniacacci and Simoni 2024).

Moreover, we recognize the various moderator variables in this relationship. We highlight firm and country (governance) factors which moderate the relationship between CSR performance (reporting) and tax avoidance. Based on agency theory and the monitoring function of (corporate) governance, firm- and country-based governance variables weaken (strengthen) the positive (negative) relationship between CSR and tax avoidance (Ross 1973; Jensen and Meckling 1976). Firm-related governance aspects rely on either board characteristics, such as board independence, or ownership attributes, such as state ownership.

Furthermore, as a value added to prior studies, we recognize specific context factors in country-specific studies by grouping country-specific studies in developing countries (Africa and Asia) and developed regimes (Anglo-America and Continental-Europe). We assume that the negative (positive) link between CSR and tax avoidance is more pronounced (weakened) in developed countries in view of the increased CSR and financial conditions of firms which are headquartered in a developed country. Furthermore, we group countries of research as code law versus case law regimes in line with La Porta et al. (2008). Code law (civil law) is written, codified law passed by a legislature, while case law (common law) is based on judicial decisions and precedents from previous court cases. Code law provides a framework, and case law interprets and applies that framework to specific situations, with case law being more flexible and adaptable, and code law being more rigid and structured. Stakeholder and regulatory pressure on CSR should be higher in code law countries in comparison to case law regimes as shareholder-oriented and market-based settings (La Porta et al. 2008). Consequently, the positive (negative) link between CSR and tax avoidance should be weaker (stronger) in code law countries due to increased stakeholder and regulatory pressure, such as Continental European countries. Anglo-American countries (e.g., UK or the USA) as case law regimes should relate to an opposite direction. The strength of shareholder protection and the degree of legal environment are included as additional factors. We assume that significant differences between these regimes exist due to heterogeneous regulatory pressure. Shareholder protection and legal enforcement should be related to increased manager incentives for ethical behavior. We focus on the shareholder protection index by the World Bank ("minority protection index") and the rule of law index by the World Justice Project. The minority protection index is low for the "Sub-Saharan-Africa" and "East Asia and Pacific" and high for "OECD high income" and "Europe and Central Asia". The rule of law index by the World Justice Project indicates highest scores for European countries (e.g., Scandinavia) and lowest for Cambodia and Venezuela. Shareholder protection and legal enforcement should be positively (negatively) related to CSR (tax avoidance). The positive (negative) link between CSR and tax avoidance is weaker (stronger) in regimes with higher degrees of shareholder protection and legal enforcement (La Porta et al. 2008).

3.2 | Research Design

This section gives an overview of the research design and the major processes for our literature review.

We relied on the framework of Massaro et al. (2016) and the 10 steps to prepare a structured literature review. First, we created a literature review protocol in line with several international databases for selecting the relevant keywords as step 1 (Web of Science, Google Scholar, the Social Science Network, EBSCO and Science Direct). The following keywords were used: "CSR", "Corporate Social Responsibility", "CSR performance", "CSR reporting", "CSR disclosure", "environmental performance", "social performance", "environmental reporting", "social reporting", and related terms combined with "tax avoidance", "tax shelter", "tax aggressiveness", and "tax management". Step 2 addresses the research questions which we have already stated before. A total of 111 studies were identified as the initial sample after use of keywords. Step 3 includes the type of research which we will implement in this review. We only referred to archival-based (quantitative) empirical studies to increase comparability. Furthermore, the link between CSR and tax avoidance is normally analyzed by archival studies. Consequently, 21 non-archival studies were deleted. We also concentrated on papers published in peer-reviewed journal articles in the English language in international journal rankings. We relied on well-known rankings in this context (*Journal Citation Reports, SCImago Journal Rank, TI Journal List, Journal Quality List, ABDC Journal Quality List, and Financial Times Research Rank*). We excluded 17 studies that are not included in at least one of these rankings. This leads to a total of 73 studies as the final sample. Figure 2 summarizes the sample selection process.

Then, we measured the impact of the studies, based on google scholar (step 4). At least one citation refers to every paper included in the literature review. Furthermore, a research framework was developed (step 5). While few literature reviews on our topic exist (e.g., Krieg and Li 2021; Kovermann and Velte 2021), we mainly contribute to former studies. As illustrated in the research questions, we are interested in the specific firm- and country-related contextual factors of the relationship between CSR and tax avoidance.

Statistical software was not implemented, as we did not cope with big data sets (step 6). In a manual review, we tested the reviewed articles to ensure validity (step 7). We read every study, coded it in line with the selected structure and the research framework (step 8). The significant findings and indicators of the research results were measured based on vote-counting (Light and Smith 1971). Significant positive coefficients were included with a (+), negative coefficients with a (–), and insignificant coefficients with a (±). We collected the total amount of significant and insignificant results.

Then, we developed new insights and critiques through dataset analysis (step 9). The metadata (authors, journals, methods, and

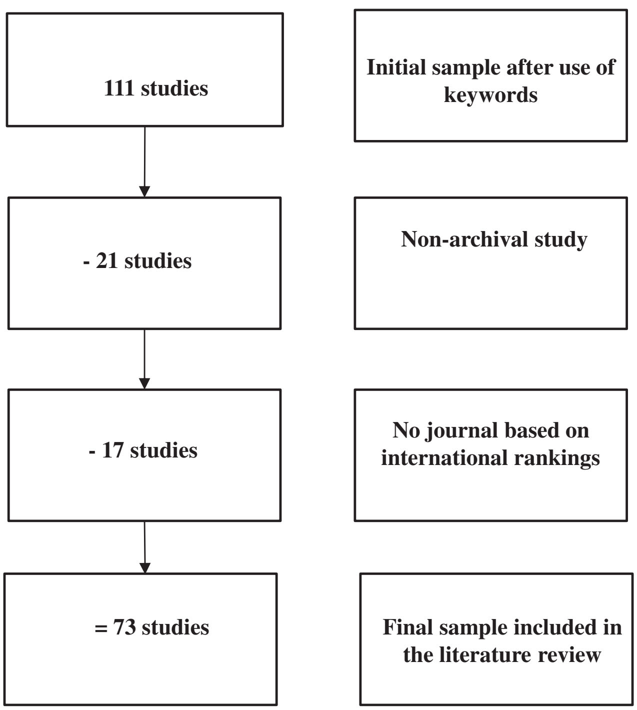

FIGURE 2 | Sample selection process.

theories) were coded, addressing the two research questions. The findings were tabulated and used to stress major tendencies of the relationship between CSR and tax avoidance. Finally, we formulated future research recommendations (step 10).

4 | Results of the Literature Review

4.1 | Descriptive Analyses

We structured the studies per publication year (Panel A), country (Panel B), journal (Panel C), CSR variables (Panel D), tax avoidance proxies (Panel E), and by endogeneity checks (Panel F), as illustrated in Table 1. Panel A highlights a significant increase in studies in the years 2024 and 2025, while the first studies were published in 2012. Most of the studies refer to Anglo-American (24 studies) and Asian countries (23 studies). Anglo-American countries relate to case law and developed countries, while Asian countries relate to developing countries and increased state ownership. Continental European countries are code law and developed countries. Among others, these contextual factors will be recognized in this analysis. Panel C illustrates heterogeneous publication outlets with a major importance of finance, tax and accounting journals (40 studies). The "*Journal of the American Taxation Association*" (4 studies), the "*Corporate Social Responsibility and Environmental Management*" (5 studies), and the "*Journal of Cleaner Production*" (4 studies) are popular. Most studies have analyzed the impact of CSR on tax avoidance (59 studies), while the inverse relationship was rarely recognized (14 studies) (Panel D). CSR performance was usually selected as the independent variable (45 studies) in comparison to CSR reporting (7 studies) and other CSR proxies (7 studies). Referring to tax avoidance (Panel E), most included studies addressed ETR (44 studies) as the dependent variable in comparison to BTD (22 studies) or other variables (14 studies). In view of the potential dynamic link between CSR and tax avoidance as possible endogeneity concerns, we analyze whether included studies have addressed endogeneity checks by using advanced regression analyses (Panel F), such as propensity score matching (PSM), two stage least squares (2SLS) with instrumental variable (IV), and difference-in-difference approaches. Most included studies (43 studies) recognized at least one of these endogeneity tests to increase the validity of regression outputs.

As the link between CSR and tax avoidance relates to a heterogeneity of proxies, we summarize them in Table 2.

4.2 | Firm- and Country-Related Moderators of the Link Between CSR and Tax Avoidance (RQ1)

4.2.1 | The Impact of CSR on Tax Avoidance, Based on Firm-Related Moderators

In view of the heterogeneous link between CSR and tax avoidance and RQ1, we concentrate on the moderator effects of the link between CSR and tax avoidance. We start the review with studies on the impact of CSR on tax avoidance, including a great volume of moderator variables during recent years (e.g., Souguir et al. 2024; Cao et al. 2024). With the differentiation between firm- and country-related moderators, we interpret our literature review as a bridge between firm-level

TABLE 1 | Count of cited published papers.

Panel A: publication year	
Total: 73	• 2025: 13 • 2024: 16 • 2023: 4 • 2022: 8 • 2021: 4 • 2020: 6 • 2019: 7 • 2018: 1 • 2017: 4 • 2016: 2 • 2015: 4 • 2014: 0 • 2013: 2 • 2012: 2
Panel B: region	
Total: 73	• Cross-Country: 15 • Country-specific: 58 ◦ Developed countries: Anglo-American: 24; Continental European countries: 9 ◦ Developing countries: Asian countries: 23; African countries: 2
Panel C: Journal	
Total: 73	• *Finance, Tax and Accounting Journals* (40) ◦ *Accounting and Finance*: 1 ◦ *Accounting Perspectives*: 1 ◦ *Accounting, Auditing and Accountability Journal*: 2 ◦ *Advances in Accounting*: 2 ◦ *Asia-Pacific Journal of Accounting and Economics*: 1 ◦ *Australian Accounting Review*: 1 ◦ *Cogent Economics and Finance*: 1 ◦ *Finance Research Letters*: 1 ◦ *International Journal of Accounting and Information Management*: 1 ◦ *International Journal of Accounting*: 1 ◦ *International Review of Finance*: 1 ◦ *International Review of Financial Analysis*: 1 ◦ *Journal of Accounting and Public Policy*: 1 ◦ *Journal of Accounting in Emerging Economies*: 1 ◦ *Journal of Accounting, Auditing and Finance*: 1 ◦ *Journal of Business Finance and Accounting*: 1 ◦ *Journal of Contemporary Accounting and Economics*: 1 ◦ *Journal of Corporate Accounting and Finance*: 1 ◦ *Journal of Corporate Finance*: 3 ◦ *Journal of Financial Reporting and Accounting*: 3 ◦ *Journal of International Accounting Research*: 2 ◦ *Journal of International Accounting, Auditing and Taxation*: 3 ◦ *Review of Financial Economics*: 1 ◦ *Review of Quantitative Finance and Accounting*: 1 ◦ *Accounting Review*: 3 ◦ *Journal of the American Taxation Association*: 4

(Continues)

Panel C: Journal	
	• *Management and Sustainability Journals* (33) ◦ *Applied Economics Letters*: 1 ◦ *Business and Society*: 1 ◦ *Business Research Quarterly*: 1 ◦ *Business Strategy and the Environment*: 2 ◦ *Competitiveness Review*: *An International Business Journal*: 1 ◦ *Corporate Social Responsibility and Environmental Management*: 5 ◦ *European Management Journal*: 2 ◦ *International Journal of Disclosure and Governance*: 1 ◦ *International Journal of Emerging Markets*: 1 ◦ *Journal of Business Ethics*: 3 ◦ *Journal of Cleaner Production*: 4 ◦ *Journal of Global Responsibility*: 1 ◦ *Qualitative and Quantitative*: 1 ◦ *Scandinavian Journal of Management*: 1 ◦ *Social Responsibility Journal*: 2 ◦ *Society and Business Review*: 1 ◦ *Strategic Management Journal*: 1 ◦ *Sustainable Development*: 1 ◦ *Sustainability Accounting, Management and Policy Journal*: 2
Panel D: CSR variables	
Total: 73	• As independent variable (59) ◦ CSR performance: 45 ◦ CSR reporting: 7 ◦ Other variables: 7 • As dependent variable (14) ◦ CSR performance: 9 ◦ CSR reporting: 5
Panel E: tax avoidance variables	
Total: 98[a]	• As dependent variable (80[a]) ◦ ETR: 44 ◦ BTD: 22 ◦ Other: 14 • As independent variable (18[a]) ◦ ETR: 11 ◦ BTD: 2 ◦ Other: 4
Panel F: endogeneity checks (e.g., propensity score matching (PSM), difference-in-difference-approach, generalized method of moments (GMM))	
Total: 73	• Yes: 43 • No: 30

[a]Some studies include more than one variable.

(micro) and country-level (macro) analyses which enhances the theoretical relevance and practical implications (Cafforio et al. 2025).

Firm-related moderators are further separated into corporate governance and other firm proxies.

Based on principal agent and stakeholder theories, corporate governance factors have a significant impact on the degree of CSR and tax avoidance (Sarhan 2024). Effective monitoring by boards of directors and active ownership should promote (weaken) a negative (positive) relationship between CSR and tax avoidance (e.g., Lanis and Richardson 2018). Moreover, other firm attributes, for example, financial performance, may also influence this link.

Relying on CSR performance, the negative impact on tax avoidance is strengthened by board independence (Lanis and Richardson 2018), board gender diversity (Rakia et al. 2024), institutional ownership (Sarhan 2024), and non-family ownership (López-González et al. 2019). Liu and Lee (2019) found a negative impact of CSR on tax avoidance in firms with state

TABLE 2 | Included variables of the literature review.

CSR performance and reporting variables	Tax avoidance variables
• CSR performance ◦ Total (databases) ◦ Environmental performance (databases) ◦ Carbon emission reduction; carbon emission intensity; emissions for firms covered by the EU ETS after carbon price decisions ◦ Employee performance (database)	• ETR ◦ Total ETR ◦ Cash ETR ◦ GAAP ETR (differential)
• CSR reporting ◦ Total (databases; self-created score); quantity; readability (automated text analyses) ◦ Firms affected by the 2008 Chinese CSR disclosure mandate; firms with mandatory CSR reporting ◦ Tax disclosure in CSR reporting (dummy) ◦ Integrated reporting (self-created score) ◦ Environmental reporting (self-created score)	• BTD ◦ Total BTD ◦ Residual BTD ◦ Discretionary BTD
• Other variables ◦ CSR decoupling ◦ Corporate giving; firms with mandatory CSR spendings ◦ Consumer-based brand equity ◦ CSR expenditure ◦ CSR controversy in the media (dummy) ◦ Employee whistle blowing following allegations ◦ Employee education	• Other variables ◦ Tax disclosure in CSR reports ◦ Relative tax expense to cash flows from operations ◦ Tax shelter probability ◦ Corporate inversion ◦ Tax lobbying expenditure ◦ Tax dispute ◦ Tax payments ◦ Tax expense scaled by CFO ◦ Labor tax avoidance ◦ Unrecognized tax benefits (UTB) ◦ Movement of firm headquarters to states with lower corporate income taxes/tax haven ◦ Tax haven

ownership, whereas CEO ownership and non-state ownership strengthen the positive CSR-tax avoidance link (Karavitis et al. 2025). Liu et al. (2025) stressed that state ownership and political board connections weaken the positive impact of CSR on tax avoidance. According to Özbay et al. (2023), socially responsible non-family firms engaged in tax avoidance activities through discretionary BTD rather than through aggressive tax planning and tax sheltering, while an opposite effect occurs for family firms. Moreover, institutional ownership and leverage affected the degree of tax avoidance of non-family firms. Jiang et al. (2024) stressed that higher agency costs and lower audit quality strengthen the negative link between CSR performance and tax avoidance. Based on environmental performance, family ownership and institutional ownership strengthened the positive link between CSR and tax avoidance (Souguir et al. 2024). According to Benlemlih et al. (2023), consumer awareness weakened the positive impact of CSR on tax avoidance. Compagnie et al. (2023) focused on emissions for firms covered by the European Trading System (ETS) and found that operating cost structures and board independence weaken the positive link between CSR and tax avoidance, but not firms' financing needs. Insignificant moderator effects were reported for tax consulting fees (Huseynov and Klamm 2012).

As one of the few studies, Mao and Wu (2019) found a mediator effect of financial performance on the negative link between CSR and tax avoidance, while firm profitability strengthens the negative CSR-tax avoidance link (Amarna et al. 2025). Liu et al. (2025) stressed that financial constraints strengthen the positive link between CSR and tax avoidance, while firm profitability weakens it.

Moderator analyses on the impact of CSR reporting on tax avoidance are limited yet. The negative link between CSR reporting and tax avoidance was strengthened by low political board connections after the CSR reporting mandate (Cao et al. 2024), whereas firm complexity weakened it (Donkor et al. 2022). Moreover, the positive impact of CSR reporting on tax avoidance was weakened when sustainability board committees were implemented (Chandrasena et al. 2025), and it was strengthened by low financial performance, high default risk and low-cost transfer capacity (Jiang et al. 2022).

As other CSR proxies, politician directors on the board weakened the negative impact of CSR expenditures on tax avoidance (Rashid et al. 2024). In firms with mandatory CSR spendings, tax disputes, family firm status and board governance did not moderate the link between CSR and tax avoidance (Raithatha and Shaw 2022). Moreover, financial profitability, low political costs and domestic firms strengthened the negative impact of CSR givings on tax avoidance (Ling and Liu 2023). Shi et al. (2025) stressed that employee rights, accounting department size, and non-state ownership strengthen the negative employee performance-tax avoidance link. Finally, sustainable boards strengthen the positive impact of CSR decoupling on tax avoidance (Velte 2025), assuming a symbolic use of CSR and sustainable boards.

4.2.2 | The Impact of CSR on Tax Avoidance, Based on Country-Related Moderators

Firm- and country-related moderators have many interrelations, especially in the field of governance. It is assumed that effective country governance and CSR-related cultural factors promote (weaken) the negative (positive) impact of CSR on tax avoidance. Consequently, we assume a complementary relationship between effective corporate governance and country governance. Country-related moderators have some relevance in prior studies on CSR and tax avoidance. Regarding CSR performance, the negative impact on tax avoidance was strengthened by country governance (Zeng 2019), regions with underdeveloped FinTech (Jiang et al. 2024), individualism and long-term orientation, while power distance, masculinity and uncertainty avoidance weaken this link (Ortas and Gallego-Álvarez 2020). Saleh et al. (2025) stressed that corruption levels, code law regimes, and specific cultural aspects moderate the CSR performance-tax avoidance link. Similarly, Garcia et al. (2024) found that low economic freedom and power distance promote a positive impact of CSR on tax avoidance. According to Feng et al. (2024), the positive impact of carbon emission reductions on tax avoidance was strengthened by a country's media freedom, common law regimes and carbon tax or emissions trading systems. There is further evidence that the positive impact of CSR performance on tax avoidance was weakened by strict enforcement rules (Compagnie et al. 2023) and high-level financial-tax conformity jurisdictions (Alsaadi 2020).

Regarding CSR reporting, the positive impact on tax avoidance was lower in stakeholder-oriented industries and institutional quality cities (Jiang et al. 2022), and provinces with high-level institutions (Lin et al. 2017). Moreover, the negative link between CSR reporting and tax avoidance was strengthened in weaker institutional environments (Cao et al. 2024). Finally, good economies strengthen the negative impact of CSR giving on tax avoidance (Ling and Liu 2023).

4.2.3 | The Impact of Tax Avoidance on CSR, Based on Moderators

We have already stressed that most studies addressed the impact of CSR on tax avoidance, while few studies recognized the inverse relationship. Cross-country studies have focused on firm-related moderators and neglected country factors. Based on CSR performance, audit fees promoted the positive impact of tax avoidance (Abid and Damnak 2022). Moreover, Lee (2020) did not find any moderator effect of annual employment ratios on the link between tax avoidance and CSR performance.

According to Kao and Liao (2021), CSR performance weakened the positive impact of tax avoidance on taxes in sustainability reports, whereas no moderator effect was stressed for tax complexity and general anti-abuse rules. Moreover, firm participation in the tax amnesty program changed the relationship between tax avoidance and CSR reporting from positive to negative signs (Nasih et al. 2024). Xu et al. (2022) found that state ownership and less developed regions weakened the positive impact of tax avoidance on CSR reporting. Similarly, state ownership, nonpolluting industries, and eastern region location promoted the negative impact of tax avoidance on CSR reporting, whereas technological innovation fully mediated it (Zhang et al. 2025).

4.3 | The Impact of CSR on Tax Avoidance, Based on Country Effects (RQ2)

In line with RQ2, we analyze whether specific country effects explain the impact of CSR on tax avoidance. We separated country-specific studies into developed and developing countries, case law versus code law regimes, and addressed shareholder protection and legal enforcement strength.

4.3.1 | CSR Performance

In line with our theoretical framework, leading to either a positive or negative impact of CSR on tax avoidance, there are no tendencies of a specific direction of this link, as Table 3 illustrates.

The developing status of a country does not explain a different impact of CSR on tax avoidance. Nineteen studies in our literature review found a positive impact of CSR performance in cross-country settings (Feng et al. 2024; Garcia et al. 2024; Meniacacci and Simoni 2024; Alsaadi 2020; Compagnie et al. 2023; Khan et al. 2022), for US firms (Chen et al. 2026; Timbate 2023; Benlemlih et al. 2023; Davis et al. 2016; Hoi et al. 2013; Huseynov and Klamm 2012; Lassoued et al. 2024), in France (Souguir et al. 2024), and Asian firms (Sim et al. 2024; Turkey: Özbay et al. 2023; Karavitis et al. 2025; Liu et al. 2025; Mao 2019). The positive relationship between CSR performance and tax avoidance was stressed equally for case law regimes (7 studies) and code law regimes (7 studies).

In contrast to this, 23 studies found a negative impact of CSR performance on tax avoidance. This relates to cross-country studies (Du and Li 2024; Ortas and Gallego-Álvarez 2020; López-González et al. 2019; Zeng 2019; Hardeck et al. 2024; Mio et al. 2025; Saleh et al. 2025; Amarna et al. 2025), Anglo-American countries (Sarhan 2024; Binhadab 2025; Lanis and Richardson 2018; Huang et al. 2017; Lanis et al. 2015; Lanis and Richardson 2012), Continental Europe (Ilboudo et al. 2025; Chouaibi et al. 2022; Ginesti et al. 2020), and Asian countries (Shi et al. 2025; Jiang et al. 2024; Mao and Wu 2019; Rakia et al. 2024; Muller and Kolk 2015). The negative link between CSR performance and tax avoidance refers to 8 studies with a case law regime and 6 studies with a code law regime.

Few researchers found an insignificant relationship between CSR performance and tax avoidance in France (Laguir et al. 2015), China (Liu and Lee 2019), and Vietnam (Vu Vann and Ly 2021) as code law regimes.

TABLE 3 | Main results of studies on the impact of CSR (performance/reporting) on tax avoidance.

	Cross-country	Anglo-American	Continental European	Asian countries	African countries
		Developed countries		Developing countries	
CSR performance					
+	• International: carbon emission reduction: Feng et al. (2024); Garcia et al. (2024) • Europe: Meniacacci and Simoni (2024); Alsaadi (2020); EU and emissions for firms covered by the ETS: Compagnie et al. (2023) • Nigeria/Pakistan: Khan et al. (2022)	• USA: Chen et al. (2026); Timbate (2023); Benlemlih et al. (2023); Davis et al. (2016); Hoi et al. (2013); Huseynov and Klamm (2012); carbon performance: Lassoued et al. (2024)	• France and environmental performance: Souguir et al. (2024)	• Korea: Sim et al. (2024) • Turkey: Özbay et al. (2023) • China: Karavitis et al. (2025); Liu et al. (2025); Mao (2019)	
–	• International: Ortas and Gallego-Álvarez (2020); López-González et al. (2019); Zeng (2019); environmental performance: Hardeck et al. (2024); tax disclosure as inverse: Mio et al. (2025); Saleh et al. (2025) • BRICS countries: Du and Li (2024) • Europe: Amarna et al. (2025)	• UK: Sarhan (2024); Binhadab (2025) • USA: Lanis and Richardson (2018); Huang et al. (2017); Lanis et al. (2015); Watson (2015) • Australia: Lanis and Richardson (2012)	• Spain: Ilboudo et al. (2025) • France: Chouaibi et al. (2022) • Italy: Ginesti et al. (2020)	• China: Shi et al. (2025); Jiang et al. (2024); Mao and Wu (2019) • Malaysia: Rakia et al. (2024) • India: Muller and Kolk (2015)	
±			• France: Laguir et al. (2015)	• Vietnam: Vu Vann and Ly (2021) • China: Liu and Lee (2019)	
CSR reporting					
+		• USA/Canada: Chandrasena et al. (2025)		• China: Lin et al. (2017); firm with mandatory CSR reporting: Jiang et al. (2022)	

(Continues)

TABLE 3 | (Continued)

	Cross-country	Anglo-American	Continental European	Asian countries	African countries
		Developed countries		Developing countries	
–				• China and firms affected by 2008 Chinese CSR disclosure mandate: Cao et al. (2024) • Indonesia and tax disclosure in CSR reporting: Rudyanto (2025)	• South Africa: Donkor et al. (2022)
±			Norway and environmental reporting: Fallan and Fallan (2019)		
Other proxies					
+	International (EU): CSR decoupling (Velte 2025)		France and CSR controversy in the media: Arnaud and Giordano-Spring (2024)		
–		• USA and corporate givings: Ling and Liu (2023); consumer-based brand-equity: Austin and Wilson (2017); whistle blowing following allegations: Wilde (2017)		• Bangladesh and CSR expenditures: Rashid et al. (2024) • India and firms with mandatory CSR spendings: Raithatha and Shaw (2022)	
		Case law regime		Code law regime	
CSR performance					
+		• Chen et al. (2026) • Lassoued et al. (2024) • Timbate (2023) • Benlemlih et al. (2023) • Davis et al. (2016) • Hoi et al. (2013) • Huseynov and Klamm (2012)		• Karavitis et al. (2025) • Liu et al. (2025) • Shi et al. (2025) • Souguir et al. (2024) • Sim et al. (2024) • Özbay et al. (2023) • Mao (2019)	

(Continues)

TABLE 3 | (Continued)

	Case law regime	Code law regime
–	• Binhadab (2025) • Sarhan (2024) • Lanis and Richardson (2018) • Huang et al. (2017) • Lanis et al. (2015) • Muller and Kolk (2015) • Watson (2015) • Lanis and Richardson (2012)	• Ilboudo et al. (2025) • Jiang et al. (2024) • Rakia et al. (2024) • Chouaibi et al. (2022) • Ginesti et al. (2020) • Mao and Wu (2019)
±		• Vu Vann and Ly (2021) • Liu and Lee (2019) • Laguir et al. (2015)
CSR reporting		
+	• Chandrasena et al. (2025)	• Jiang et al. (2022) • Lin et al. (2017)
–	• Donkor et al. (2022)	• Rudyanto (2025) • Cao et al. (2024)
±		• Fallan and Fallan (2019)
Other proxies		
+		• Arnaud and Giordano-Spring (2024)
–	• Rashid et al. (2024) • Ling et al. (2023) • Raithatha and Shaw (2022) • Austin and Wilson (2017) • Wilde (2017)	

4.3.2 | CSR Reporting

We identified 7 studies on the impact of CSR reporting on tax avoidance, leading to a low validity of research results.

While some researchers found a positive relationship for US-American and Canadian firms (Chandrasena et al. 2025) and Chinese firms (Lin et al. 2017; Jiang et al. 2022), others stressed a negative link for Asian countries (China: Cao et al. 2024; Indonesia: Rudyanto 2025) and South Africa (based on integrated reporting: Donkor et al. 2022). Both code law and case law regimes referred to positive and negative relationships between CSR reporting and tax avoidance.

Fallan and Fallan (2019) did not find any significant relationship for the Norwegian code law regime.

4.3.3 | Other CSR Proxies

Six studies included other CSR proxies. Arnaud and Giordano-Spring (2024) stressed a positive impact of CSR controversies in the media on tax avoidance for the French code law regime. Relying on US firms, corporate giving (Ling and Liu 2023), consumer-based brand equity (Austin and Wilson 2017), and whistle-blowing following allegations (Wilde 2017) decreased the degree of tax avoidance. This also related to CSR expenditures in Bangladesh (Rashid et al. 2024) and mandatory CSR spendings in India (Raithatha and Shaw 2022) as developing and case law countries.

The impact of CSR on tax avoidance was not mainly affected by the separation between developing versus developed countries or between case law and code law regimes.

Table 3 summarizes the results. Structuring country-related research into their strength of shareholder protection and enforcement also leads to heterogeneous results.

4.4 | The Impact of Tax Avoidance on CSR, Based on Country Effects (RQ2)

We analyze whether specific country effects explain the impact of tax avoidance on CSR. 14 studies referred to the impact of tax avoidance on CSR performance, leading to inconclusive results. Some studies stressed a positive direction from a cross-country perspective (Europe: Gandullia and Piserà 2020), for US firms (Schochet et al. 2022; Col and Patel 2019), France (Abid and Damnak 2022), Korea (Park et al. 2024), and Egypt (Abdelfattah and Aboud 2020). Others found a negative relationship (Lee 2020; Zeng 2016; Lu and Zhu 2021).

Whereas the impact of tax avoidance on CSR reporting was rarely addressed, some researchers found a positive direction for Anglo-American regimes (Kao and Liao 2021; Lanis and Richardson 2013) and Asian countries (Nasih et al. 2024; Xu et al. 2022). In contrast, Zhang et al. (2025) found a negative link between tax avoidance on CSR in China. Positive and negative relationships relied on case law and code law regimes.

In line with our remarks on the impact of CSR on tax avoidance, prior research results on the influence of tax avoidance on CSR are not mainly affected by the differentiation between developed and developing countries, and between case law and code law regimes. Table 4 summarizes the results. Structuring country-related studies regarding their degree of shareholder protection and legal enforcement also leads to inconclusive results.

4.5 | Summary of Major Results of the Literature Review

Agency and stakeholder theories assume that the relationship between CSR and tax avoidance can be either positive or negative, which classifies CSR and tax avoidance as complementary or substitutive management functions.

Most studies have analyzed the impact of CSR (performance) on tax avoidance, especially on ETR in Anglo-American settings. In line with agency theory and following RQ1, there are some indications that corporate and country governance increase the level of monitoring and thus strengthen (weaken) the negative (positive) impact of CSR on tax avoidance. Thus, corporate governance and country governance can be classified as complementary factors.

However, addressing RQ2, the tendency of a positive or negative relationship is not linked with specific country-related contextual factors (developed versus developing countries, case law versus code law regimes, strength of shareholder protection and legal enforcement). This contrasts with our basic assumptions that developed countries, code law regimes, and countries with increased shareholder protection and legal enforcement promote (weaken) the negative link between CSR and tax avoidance. Moreover, subpillars on CSR (e.g., environmental performance) and bidirectional links have been rather neglected. This also relates to the low attraction of analyzing the impact of tax avoidance on CSR.

Figure 3 highlights our results of the literature review.

The next section stresses some research gaps and selective research recommendations. We start with some proposals for extended CSR and tax avoidance measures and continue with innovative moderator analyses in future research designs.

5 | Limitations and Research Recommendations

5.1 | Innovative CSR and Tax Avoidance Measures

As most of prior research analyzed the impact of CSR performance on tax avoidance, we recommend that future researchers address CSR reporting in more detail. CSR reporting is mainly analyzed by using external databases (e.g., Bloomberg) or conducting manual content analyses, leading to a limited validity of CSR reporting proxies. With few exceptions (Hardeck et al. 2024; Xu et al. 2022), automated or computerized text analyses were not recognized in this research topic. As CSR reports also include unstructured, qualitative and future-oriented information, literature stresses the need to measure the

TABLE 4 | Main results of studies on the impact of tax avoidance on CSR performance (reporting).

		Anglo-American	Continental European	Asian countries	African countries
	Cross-country	**Developed countries**		**Developing countries**	
CSR performance					
+	• Europe: Gandullia and Piserà (2020)	• USA and employee performance: Schochet et al. (2022); Col and Patel (2019) • USA: Lee (2020) • Canada: Zeng (2016)	• France: Abid and Damnak (2022)	• Korea: Park et al. (2024) • China: Lu and Zhu (2021)	• Egypt: Abdelfattah and Aboud (2020)
CSR reporting					
+		• UK and tax disclosure in GRI reporting: Kao and Liao (2021) • Australia: Lanis and Richardson (2013)		• Indonesia: Nasih et al. (2024) • China: Xu et al. (2022)	
−				• China: Zhang et al. (2025)	
		Case law regime		**Code law regime**	
CSR performance					
+		• Schochet et al. (2022) • Col and Patel (2019)		• Abid and Damnak (2022) • Park et al. (2024) • Lu and Zhu (2021) • Abdelfattah and Aboud (2020)	
−		• Lee (2020) • Zeng (2016)		• Lu and Zhu (2021)	
CSR reporting					
+		• Kao and Liao (2021) • Lanis and Richardson (2013)		• Nasih et al. (2024) • Xu et al. (2022)	
−				• Zhang et al. (2025)	

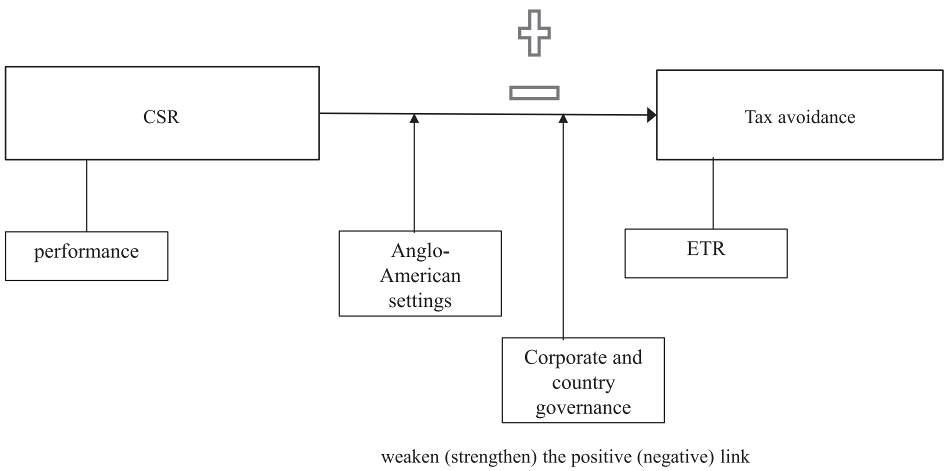

FIGURE 3 | Illustration of the key results of the literature review.

quality of CSR reporting via automated text analyses (Hardeck et al. 2024; Xu et al. 2022). Dictionary-based approaches and machine learning technologies represent the most important tools which are recognized in current CSR research (Hardeck et al. 2024). Analyses on the quality of CSR reports and integrated tax reporting relate to readability, tone management, similarity (boilerplates) and specific contents (Velte 2023b; Velte 2024a). The GRI standard No. 207, the new ISSB standards or the European Sustainability Reporting Standards (ESRS) are well-known CSR reporting frameworks which (in)directly relate to tax reporting and content analyses of qualitative CSR information. We also explicitly recommend stressing the connectivity between tax, CSR and financial reporting to evaluate potential information overload and greenwashing behavior.

This leads to the next recommendation to recognize CSR decoupling (greenwashing and brownwashing) (Velte 2023a, 2025) in future research designs as the difference between CSR reporting ("external CSR actions") and CSR performance ("internal CSR actions") (e.g., Walker and Wan 2012). Greenwashing is classified as the "over-reporting" of environmental aspects, whereas brownwashing is a strategic "under-reporting" of environmental issues ("silent green") (Walker and Wan 2012). CSR decoupling relates to agency conflicts which contrast stakeholder demands (Hardeck et al. 2024). In line with principal agent theory (Jensen and Meckling 1976), we assume that CSR decoupling is positively related to the degree of tax avoidance. In contrast, stakeholder theory assumes a negative impact of CSR decoupling on tax avoidance (Freeman 1984). Future research should analyze whether CSR decoupling and tax avoidance represent complements or substitutes (Velte 2025).

As prior studies have focused on overall CSR measures, subpillars of environmental or social aspects, for example, climate or employee issues, were rarely included (e.g., Feng et al. 2024; Wilde 2017). Environmental and social topics are complex and linked with a limited comparability; thus, future studies should recognize subpillars of CSR with a focus on corporate climate actions. Among others, this strategy can be justified by the "climate first" approach of the ISSB and the increased stakeholder pressure on climate transformation in multinational firms (e.g., climate litigations).

In line with these limitations, the validity of prior research designs is limited due to restricted variations of CSR and tax avoidance proxies as robustness tests. Some studies only included one CSR and one tax avoidance measure (e.g., Du and Li 2024). Most of the included research relied on one CSR database and the reliance on ETR and BTD as tax avoidance variables. We recommend recognizing more than one CSR database and other tax avoidance variables to increase the validity of regression outputs, for example, the probability of tax shelter, corporate inversions, tax lobbying expenditures, tax disputes, or unrecognized tax benefits.

5.2 | Innovative Moderator Variables

As the relationship between CSR and tax avoidance is rather complex, (cross-country) studies on firm and country-related moderator effects should be a "best practice." While we have stressed an increased number of studies on this topic during recent years, we identify major research gaps. Regarding firm variables, future studies should address sustainable corporate governance as potential moderators of the relationship between CSR and tax avoidance (Velte 2025). Expect for few studies (Chandrasena et al. 2025; Rakia et al. 2024), we did not recognize any study with a moderator analysis of board gender diversity, sustainability board committees and sustainability-related management compensation as the three dominant proxies for sustainable boards (Velte 2025). In line with principal agent and stakeholder theories, we assume that sustainable boards weaken (strengthen) the positive (negative) impact of CSR on tax avoidance. Board gender diversity and sustainability board committee relate to sustainable board composition and they increase the awareness of (non)executive directors to include CSR aspects in their strategies, processes and monitoring duties. Boards with increased sustainability skills, for example, via sustainability boards or a Chief Sustainability Officer, and diversity should also be more sensitive to negative impacts of tax avoidance on stakeholder trust and firm reputation (Velte 2023c). Boards should also be extrinsically motivated to increase CSR efforts. The recognition of CSR-related targets in variable compensation contracts of executive directors is helpful to promote a negative impact of CSR on tax avoidance in line with stakeholder preferences. This is also linked to the argument of "pay-for-performance sensitivity" based on the principal agent theory (Velte 2023c).

In line with sustainable boards, we know little about the moderator effect of institutional ownership on the link between CSR and tax avoidance (e.g., Souguir et al. 2024). As institutional ownership is diverse, future researchers should analyze their specific (un)sustainable preferences, their investment horizons, and their activity in the monitoring process. This should lead to empirical research on "institutional investor heterogeneity" (Velte 2024b). Among others, sustainable institutional ownership, based on the UN Principles for Responsible Investments or the Carbon Disclosure Project, represents an innovative moderator variable. We assume that sustainable institutional investors are active monitoring bodies to pressure management to implement and achieve ambitious CSR targets (Velte 2024b).

Relying on external auditors, we know very little about their impact on the link between CSR and tax avoidance (Abid and Damnak 2022; Huseynov and Klamm 2012). Based on principal-agent theory, external auditors fulfill a gatekeeper function for shareholders and other stakeholders (Jensen and Meckling 1976; Ross 1973). While the responsibilities of professional accountants were restricted to annual audits of financial statements, stakeholder demands also rely on CSR assurance practices in recent years (Velte and Stawinoga 2017). Some regimes have already introduced mandatory CSR assurance for CSR reports, such as the EU. The selection of big four audit firms as CSR assurors is a proxy for CSR assurance quality (Velte and Stawinoga 2017). Moreover, the scope of CSR assurance (limited versus reasonable assurance level) is different in prior settings, leading to a decreased level of comparability. Future researchers should include CSR assurance as a moderator effect of the relationship between CSR and tax avoidance.

Table 5 summarizes the limitations of prior studies and research recommendations.

6 | Conclusion

Since the financial crisis of 2008–09, an increased number of stakeholders request decision- useful CSR reports and related CSR performance measures (KPMG 2022). Substantive CSR

TABLE 5 | Summary of limitations of prior studies and research recommendations.

Research recommendations	Research gap	Research question	Method
1. CSR reporting	Limited validity of prior CSR reporting variables	Does tax avoidance have an impact on CSR reporting quality and vice versa?	Automated text analyses of CSR reporting (via AI tools)
2. CSR decoupling	No recognition of CSR decoupling (greenwashing and brownwashing)	Does tax avoidance have an impact on CSR decoupling and vice versa	
3. Subpillars of CSR	Limited recognition of specific environmental or social subpillars of CSR	Does tax avoidance have an impact on environmental and social subpillars of CSR and vice versa?	
4. Multiple CSR and tax avoidance variables	Limited inclusion of multiple CSR and tax avoidance in one study	Does tax avoidance have an impact on CSR, based on various variations of tax avoidance and CSR measures, and vice versa?	Inclusion of multiple tax avoidance (e.g., tax lobbying expenditures, tax disputes) and CSR measures (e.g., CSR reporting readability and tone)
5. Innovative moderator variables	Limited inclusion of sustainable corporate governance	Does sustainable corporate governance, such as board gender diversity, moderate the link between tax avoidance and CSR?	Extended content analysis of corporate governance reports

efforts are an important signal to a broad range of stakeholders, especially for multinational PIEs. Moreover, stakeholders demand an ethical corporate tax behavior, leading to a decreased level of tax avoidance (Krieg and Li 2021). While CSR and tax reporting were separated in former times, the implementation of the GRI standard No. 207 and recent tax reporting regulations, for example, mandatory public country-by-country reporting, increase the information value of tax reporting and the connectivity with CSR (Hardeck et al. 2024). The relationship between CSR and tax avoidance is complex, as positive or negative directions can be found. On the one hand, CSR activities can be symbolic for self-impression management (Mahoney et al. 2013). This leads to a positive impact of CSR on tax avoidance and vice versa, based on principal agent theory (Ross 1973; Jensen and Meckling 1976). On the other hand, top managers may be interested in the implementation of substantive stakeholder management systems, which relate to reliable and informative CSR reports and related CSR performance. Based on stakeholder theory (Freeman 1984), this strategy leads to a negative impact of CSR on tax avoidance, stressing ethical CSR and tax management practices.

While a meta-analysis (Marques et al. 2024) and few literature reviews (e.g., Jemiolo and Farnsel 2023; Krieg and Li 2021) on the relationship between CSR and tax avoidance exist, we present the first structured literature review on that topic with a focus on contextual factors which may drive this complex relationship. First, we concentrate on firm- and country-related moderators and assume that effective (corporate) governance weakens (strengthens) the positive (negative) impact of CSR on tax avoidance. Second, country-specific studies were classified into developed and developing regimes, case law versus code law regimes, and regarding the degree of investor protection and legal enforcement. The majority of 73 included studies focused on the impact of CSR performance on ETR as tax avoidance, especially for Anglo-American settings. In line with our controversial theoretical framework, we do not find clear indications of a positive or negative impact of CSR on tax avoidance. Moreover, major differences in contextual factors of included studies (developing versus developed regimes, case law versus code law countries or regarding different levels of shareholder protection and enforcement) cannot be stated in our review. However, there are some tendencies that effective (corporate) governance as moderators weakens (strengthen) the positive (negative) impact of CSR on tax avoidance in line with our assumptions.

This literature review mainly contributes to former studies and should guide researchers in this field. We highlight significant limitations of previous studies, for example, due to CSR and tax avoidance metrics. We promote the recognition of automated analyses of CSR and tax reports with a focus on qualitative information as an innovative research method. This especially relates to integrated tax reporting in CSR reports (in line with GRI 207) and mandatory public country-by-country reporting. Moreover, future researchers should explicitly address the link between CSR decoupling and tax avoidance. Regarding moderator analyses, sustainable corporate governance attributes, for example, sustainable boards and ownership, mainly contribute to recent discussions on the integration of sustainability into board composition, compensation and ownership (Rakia et al. 2024).

We also stress some practical and regulatory implications of the literature review. Top managers should integrate CSR and tax policies into a successful stakeholder management system. An integrated CSR and tax reporting with a clear linkage to financial statements is needed to decrease the risks of information overload and greenwashing behavior (Mahoney et al. 2013). As CSR and taxes are "two sides of one medal", stakeholders should pressure senior managers to increase the connectivity between CSR and tax reporting. Interdisciplinary teamwork in the firm between marketing, accounting, finance, and tax departments with adequate sustainability knowledge should be the best practice. Integrated reports and included integrated thinking processes can be a logical consequence of this strategy (Donkor et al. 2022).

From a regulatory perspective, we stress some risks that tax-related CSR reporting is of low importance in many countries in the future, as recent standard setting does not recognize taxes as a major part of mandatory CSR reports, for example, based on the ESRS or the standards of the new ISSB. Moreover, mandatory country-by-country reporting leads to a restricted scope of multinational firms and it solely covers quantitative figures. Qualitative information on the connectivity between CSR and tax strategies should be a major part of mandatory CSR reports from a global level, leading to the future integration of GRI 207 into CSR reporting regulations.

Finally, our study has some limitations. First, we rely on vote counting technique and the analysis of the numbers of significances, while we did not include sample or effect sizes. A quantitative meta-analysis may be helpful, but prior moderator variables are not homogenous. As we assume an increased research activity on the link between CSR and tax avoidance, future research will rely on meta-analyses on specific content-related moderators. Second, as the size of included studies is rather small (73 studies) and research activity was high in 2024 and 2025, we assume that some research gaps will be reduced in the next years.

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Supporting Information

Additional supporting information can be found online in the Supporting Information section. **Data S1:** Supporting Information.