

A Follow Up to Our Qualitative Inquiry on the Perspective of Tax Practitioners on Corporate Social Responsibility and Taxation

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Researchers continue to interpret the conclusions of prior research on the important relationship between Corporate Social Responsibility (“CSR”) and taxation differently. The current literature on the relationship between CSR and taxation is limited. In addition, the results and conclusions of prior research remain inconclusive and conflicting. The purpose of this paper is to explore the perspective of tax practitioners on the link between taxation and CSR. We conducted a qualitative study by interviewing tax practitioners about their perspectives, experiences, and understanding on the relationship between taxation and CSR. From these interviews, we found that tax practitioners believed that: (1) compliance and CSR were equivalent; (2) their role was to merely comply with the law; and (3) altruism motivated clients to distribute wealth more than taxation does. These findings are beneficial to the fields of CSR and taxation. We hope that this study elevates and adds to the discussion on CSR and taxation, and provides further insight on the relationship between CSR and taxation.

Keywords: corporate social responsibility, taxation, stakeholder theory, risk management theory, and legitimacy theory

Introduction

While there is a long history of literature on Corporate Social Responsibility (“CSR”) (Sheehy, 2015), researchers continue to lack knowledge on the link between CSR and corporate taxation (Huang & Watson, 2015; Scheffer, 2013; Sikka, 2010; Ylönen & Laine, 2015). Researchers have neglected tax in the corporate social responsibility debate despite its importance (Muller & Kolk, 2015). Researchers have studied the relationship between CSR and taxation from a perspective of sustainability (Bird & Davis-Nozemack, 2016), of ethics (Gribnau, 2015; Stephenson & Vracheva, 2015), of morality (Prebble & Prebble, 2010), and of corporate culture (Hoi, Wu, & Zhang, 2013). Despite this, researchers interpret prior research on the relationship between CSR and taxation differently (Huang & Watson, 2015; Scheffer, 2013; Sikka, 2010; Ylönen & Laine, 2015).

Some researchers found that greater organizational CSR equated to lower tax avoidance (Hoi et al., 2013; Lanis & Richardson, 2015), while others found, that socially responsible organizations did not pay more taxes (Davis, Guenther, Krull, & Williams, 2016). Most researchers agree that CSR, sustainability, and profit can coexist, but the emphasis on profit usually overshadows CSR (Campbell, 2007). Lastly, researchers have neglected to incorporate CSR into the discussion of taxation despite its importance (Muller & Kolk, 2015). These conflicting conclusions limit the understanding of the relationship between CSR and taxation.

This paper expands upon the literature on CSR and taxation by exploring the perspectives and experiences of tax practitioners through their understanding of the relationship between taxation and CSR. In addition, we summarize recent literature on this topic. Implications from our study may help tax practitioners and international corporate leaders actions related to CSR and taxation. Additionally, we hope

that this study reduces the current gap in the literature on the relationship between CSR and taxation. Our hope is to advance the organizational application of, legislation, and scholarly approaches to CSR and taxation by expanding upon the literature.

Literature Review

Researchers continue to lack knowledge on the relationship between CSR and corporate taxation (Goldstein & Goldstein, 2020; Huang & Watson, 2015; Scheffer, 2013; Sikka, 2010; Ylönen & Laine, 2015). Researchers continue to recognize a deficiency of information on the relationship between CSR and taxation despite its increasing importance (Col & Patel, 2019; Goldstein & Goldstein, 2020; Gulzar, Cherian, Sial, Badulescu, Thu, Badulescu, & Khuong, 2018; Gunawan & SeTin, 2019). Gulzar, et al. (2018) recognized the existence of research on the subject, but noted a shortage of attention paid to the relationship between tax and CSR. Gulzar, et al. (2018) stressed the necessity to research tax avoidance and CSR in greater detail. “The relationship between tax avoidance and CSR is of immense importance, as corporations have to determine the right approach that can help them pay a tax level that is legally and ethically correct, but also satisfy their shareholders” (Gulzar, et al., 2018, p. 10). This corresponded with Gribnau’s (2015) moral association between CSR and taxation, and his recommendation that organizations that endorse CSR should follow the ethical principles behind tax law. Similarly, in their research on tax havens and CSR, Col & Patel (2019) noted that “academic research linking CSR and taxation [remains] limited (p. 1035). Despite recent studies and developments, research on the relationship between CSR and taxation remains limited.

One of the difficulties researchers face when studying CSR is that it covers a broad range of ideas and lacks a generally accepted definition (Buhmann, 2006; Moratis, 2016; Sheehy, 2015). Sheehy (2015) noted that the recent attention and expansive research devoted to CSR threatened its ability to carry a distinctive meaning. This poses difficulty in its study and threatens its support and distinction

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(Sheehy, 2015). CSR and taxation fall within the societal demands that create organizational accountability. Most organizations continue to view CSR and taxation as an allocation of organizational resources to non-shareholder stakeholders (Watson, 2015). In addition, tax avoidance is contrary to the spirit of CSR and government legislation. Society discredits organizations that exist primarily for tax avoidance purposes. Society considers these organizations as unfairly neglecting the financing of public programs (Lanis & Richardson, 2015). Although researchers categorize tax avoidance as socially irresponsible, corporations generally separate tax policy from CSR policy (Lanis & Richardson, 2015). Unfortunately, although these concepts align with CSR theory, current studies on CSR and taxation conflict.

Even though society views tax avoidance negatively, organizational tax policies often do not align with organizational CSR (Hoi et al., 2013; Lanis & Richardson, 2015). Organizations report on their CSR efforts to align with stakeholder and societal expectations. Even if a business performs within the expectations of society, society may still question its legitimacy if the business does not report its alignment with social expectations (Nurhayati, Taylor, Rusmin, Tower, & Chatterjee, 2016). The majority of organizations lack viable information on, and fail to connect taxation to CSR. Similar to organizations, researchers continue to question the connection between CSR and corporate taxation (Huang & Watson, 2015; Scheffer, 2013; Sikka, 2010; Ylönen & Laine, 2015). Scholars have not paid a lot of attention to the relation of taxation and CSR (Preuss, 2014). Previous studies demonstrate the conflicting views and lack of information pertaining to CSR and taxation.

We became interested in the topic of CSR and taxes when learning about purported CSR rich organizations that failed to pay taxes. Recently, international corporations such as Google, Amazon, Apple, and Starbucks received heavy criticism for taking measures to avoid paying taxes in the United States on billions of dollars of profit (Fisher, 2014; Scheffer, 2013). As discussed, organizations must pay taxes as part of their role in society. Avoiding taxes egregiously is socially irresponsible because it creates significant losses to society and is incompatible with community expectations (Lanis & Richardson, 2015). Tax avoidance is equated to social irresponsibility because those organizations that pay less than their fair share harm public programs (Lanis & Richardson, 2015). These kinds of organizations seek benefits through “news of their achievements on CSR implementation; but when these same corporations avoid fair taxation through the shifting of profits into tax havens, clearly such behavior breeds hypocrisy on a grand scale” (Scheffer, 2013, p. 364). Corporations continue to claim social responsibility even though they fail to pay taxes to support social programs.

Foundational Studies on CSR

Since its early beginnings, researchers have relied primarily on quantitative research in the fields of management and organizations (Johnson, 2015). More specifically, researchers have relied on quantitative methods to study CSR. Research on the topic of CSR has a long history (Sheehy, 2015) rooted in studies from over fifty years

ago. Cheit (1964) conducted a quantitative study drawing conclusions from 103 responding surveys. The study demonstrated managerial responses to the increased role of responsibility in management. This notion changed the social and political environments of business. Managers were more aware of their responsibility toward CSR and structured their corporate credos toward CSR related goals. While American businesses were accustomed to controlling their surroundings, they adapted to the changing social and political environment.

Foundational works on CSR have also relied on qualitative methods. Using a qualitative approach, Drucker (1962) studied the shared patterns of business executives in their dual roles as “businessmen” and “professionals.” Drucker focused on the rise of the public’s expectations of big-business and the necessity of business leaders to meet these expectations. Drucker took an objectivist view, predicted events, and tested theories and hypotheses. Drucker ultimately summarized the actions of businesses, the roles of business managers, and the public’s response in conjunction with their demand of big business to act ethically. Big business in the United States is a community asset rather than a private affair. Businesses are expected to promote the country’s interests in world markets and innovate policies. While businesses may internally develop policies to regulate CSR, like codes of conduct that reflect the double role of executives as businessmen and professionals, external policies are necessary.

Similarly, Schlusberg (1969) used a qualitative study to examine the patterns of management and recommended the United States’ judiciary take a more active role as external regulators of business. Schlusberg’s study promoted social responsibility as a method by corporations to regain legitimacy and avoid direct regulation by the government. Legitimacy resulted from government regulation; however, if corporations accepted judicial review, they could enhance their public role and CSR. Schlusberg held that law can provide the necessary controls for the expansion of the corporation’s public role while concurrently legitimizing itself.

Petit (1966) took a theoretical approach to his research and proposed that, while it is more difficult, organizations could effectively make socially responsible decisions over decisions based solely on profit. Petit used a qualitative approach by summarizing and comparing and contrasting the different models for making socially responsible decisions in business. While profit maximization was the primary goal of business, the socially responsible manager must choose between maximizing profit and more socially responsible ends. Petit proposed four models which may guide a manager in determining which values are involved in a decision and how to operate under conditions of value conflict.

Recent Studies on CSR and Taxation

Although research remains limited, researchers continue to publish studies on the relationship between CSR and taxation (Cesaroni, Del Baldo, & Stradini, 2020; Goldstein & Goldstein, 2020; Jangili, 2020). Researchers continue to measure the effects of different variables on the relation of CSR and taxation. Drawing from quantitative and qualitative studies, researchers have sought correlations to understand

more clearly the relation between CSR and taxation. However, the majority of these studies focused on populations outside of the United States.

United States Research

Although there have been more studies conducted outside of the United States, U.S. researchers continued to study the relation of CSR and taxes. Col & Patel (2019) explored risk management and the relation of CSR and taxes in the United States. Col & Patel (2019) noted that research on CSR and taxation remained limited, particularly as offshore tax havens grew in importance. Col & Patel (2019) conducted an empirical comparison of organizations that established offshore tax havens and its effect on CSR. They employed a difference-in-differences approach by viewing the results of the 2006 Controlled Foreign Corporations Look-Through federal law. This law facilitated an increase in offshore profit shifting. They found that organizations that pursued aggressive tax avoidance strategies by establishing offshore entities ultimately went on to increase their CSR ratings substantially. Consumers and the public often regard aggressive tax avoidance policies, like the use of offshore tax havens, as unethical and unpatriotic. This has resulted in public backlash against organizations like Apple, Google, Starbucks, Amazon, General Electric, eBay, and Ikea, which used tax havens to avoid millions of dollars in taxes (Col & Patel, 2019). As a result, organizations like Starbucks have heavily invested in CSR to offset the negative backlash (Col & Patel, 2019). Organizations invested in and increased CSR to hedge against the negative consequences of aggressive tax avoidance practices.

Baudot, Johnson, Roberts, & Roberts (2020) further explored empirical examples of corporate reputation and tax behaviors using a sample of large, US-based, multinational organizations like Amazon, Starbucks, and Google. Their case study explored the relationships between corporate accountability, reputation, and tax behavior as a CSR issue. Baudot, et al. (2020) found mixed results on the relationship between CSR and an organization's tax policies and reputation. They note:

Paying taxes is perhaps the most fundamental way in which private and corporate citizens engage with broader society. Tax revenues are the lifeblood of the social contract...that underpins liberty and the market economy. It is therefore curious that tax minimization through elaborate and frequently aggressive tax avoidance strategies is regarded as one of the prime duties that directors are required to perform on behalf of their shareholders. It is more curious that Corporate Social Responsibility (CSR)...has scarcely begun to question companies in the area where their corporate citizenship is most tangible and important—the payment of tax (Baudot, et al., 2020, p. 37).

Despite the importance of taxes, Baudot, et al. (2020) found that society does not generally hold tax aggressive organizations accountable. They did not find a clear association between an organization's tax behavior and a motivation toward CSR. Organizations continue to use a standard cost-benefit analysis to determine what tax and CSR policies to adopt.

McGowan and Mahon (2019) recognized that CSR ratings generally failed to consider corporate tax rates. They reiterated the importance of recent social movements holding businesses accountable for paying their fair share of taxes and stated that it was “alarming that certain firms are getting away with tax avoidance, and not being held responsible for it by any major stakeholder group” (McGowan & Mahon, 2019, p. 80). The study used data from over 2,600 U.S. based firms with a minimum market cap of \$500 million between 2010 and 2017. They looked for correlations between CSR ratings and corporate tax rates; however, their results were inconclusive because of a collinearity between the variables.

Lanis & Richardson (2018) corroborated findings from their 2015 study. That study demonstrated an association between organizations that reported greater CSR with lower tax avoidance. Greater CSR and social investment adversely affected tax aggressiveness (Lanis & Richardson, 2015). In their 2018 study, Lanis and Richardson (2018) examined the effect of outside directors on the relationship between CSR and tax aggressiveness. They sampled approximately 697 organizations between 2003 and 2009 using a multivariate regression analysis. Outside directors increased the negative association between CSR and tax. Although they concluded that corporate tax behavior was fundamentally connected with CSR, they characterized the study of taxes and CSR as “emerging” and encouraged future research on the topic.

International Research

Indonesia has been a prevalent source of recent studies on CSR and taxation. In their study on the different variables used to measure CSR, Gunawan & SeTin (2018) focused on CSR in accounting research in Indonesia. In particular, Gunawan & SeTin (2018) focused on CSR and financial performance, accounting and capital markets, tax, and corporate governance. This concentration led Gunawan & SeTin (2018) to recommend further research related to CSR and taxes from a global perspective, including the use of variables like management accounting, behavioral accounting, auditing and ethics. Much of their conclusions demonstrated continuing gaps in research on CSR and taxation. “CSR research results in Indonesia are still not robust and as a consequence, will provide a poor analysis” (Gunawan & SeTin, 2018, p. 683). Recent research on CSR and taxation remains limited and concentrated in studies outside of the United States.

Gulzar, et al. (2018) echoed Gunawan & SeTin's (2018) call for a greater focus on the variables which may affect and relate CSR and taxes. The primary focus of their paper was to empirically examine whether CSR influenced corporate tax avoidance in Chinese corporations. They examined CSR ratings in China, the China Stock Market, and Accounting Research data. Ultimately, Gulzar, et al. (2018) demonstrated a negative relation between CSR and tax avoidance. Socially responsible firms were more involved in tax avoidance. However, Gulzar, et al. (2018) recognized that national CSR rules and regulations may influence corporate reporting styles. As a result, researchers that considered their model, should factor in a country's regional institutional practices because international variables may modify the results.

In their study on tax avoidance, Dewant, Dwi, & Sujana (2019) studied the different variables that affected tax avoidance in Indonesia. Factors like firm size and leverage did not affect tax avoidance; however, profitability and CSR both negatively affected tax avoidance. Dewant, et al. (2019) attributed the negative relationship between tax avoidance and CSR to legitimacy theory. The higher the level of CSR disclosure of a company, the more likely it did not partake in tax avoidance. This acted as a measure for an organization to gain legitimacy from its stakeholders and survive.

Similarly, Darmayanti & Merkusyawati (2019) used manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2014-2017 to measure multiple variables' relationships like profitability and CSR, CSR and sales growth, and CSR and tax avoidance. Darmayanti & Merkusyawati (2019) conducted a multiple linear regression analysis with non-probability and purposive sampling. The population consisted of 159 companies, of which they sampled 36 annual report observations from nine manufacturing sector companies. Ultimately, organizational disclosure of CSR did not influence tax avoidance. Although CSR disclosure should positively affect a community and company, it remained independent to an organization's survival. The study remained inconclusive on whether CSR influenced tax avoidance.

Conversely, Fitri & Munandar (2018) found that CSR negatively influenced tax aggressiveness. Using a population of 111 companies listed on the Indonesian Stock Exchange from 2010 to 2015, the study aimed to examine the influence of CSR and profitability (among other variables) toward tax aggressiveness. Although both Fitri & Munandar (2018) and Darmayanti & Merkusyawati's (2019) studies used multiple regression analyses with a population from the Indonesian Stock Exchange, the results differed. Fitri & Munandar (2018) concluded that CSR had significant negative effect on tax aggressiveness. They attributed stakeholder and legitimacy theories to this phenomenon. Organizations avoided tax aggressiveness because they tried to build good relationships with stakeholders. A responsible organization tended to fulfill its tax obligations for the reputation of the business.

While Fitri & Munandar (2018) found a negative correlation between CSR and tax, Mao's (2019) conclusions drawn from his study on the Chinese stock market more closely resembled Darmayanti & Merkusyawati's (2019). Mao (2019) noted that prior literature contained inconsistent evidence linking CSR and tax avoidance. For instance, firms that engaged in CSR for risk management exhibited a positive relationship to CSR. On the other hand, organizations that viewed CSR and taxes as contributions to society exhibited a negative relationship. Ultimately, Mao (2019) concluded organizations used CSR to conceal negatively perceived behavior, like tax avoidance. Firms engaged in CSR as a risk management strategy against the negative perception of tax avoidance.

Neves & Albuquerque (2019) collected data on CSR and financial reports from the Portuguese Stock Index. Neves & Albuquerque (2019) used a logistic regression analysis to quantitatively study the relationship between various aspects of income tax disclosure in CSR reports. Ultimately, Neves & Albuquerque (2019) were unable to draw a definitive conclusion demonstrating income tax payments as a measure

of CSR. However, the authors took pride in the idea that their study was the first to compare income taxes as a matter of CSR.

Similar to Neves and Albuquerque's (2019) quantitative study, Ling & Wahab (2019) used a balanced-panel regression model on publicly listed Malaysian companies and shareholders' valuation of permanent and temporary differences in the presence of CSR. The study examined the relationship of book-tax differences, CSR, and market value of equity in Malaysia. They applied legitimacy theory and theorized that organizations utilized CSR activities to appear legitimate and positively affect equity. Ling & Wahab (2019) concluded that companies that took measures to avoid taxes paid more attention to CSR. The positive effects of CSR offset the negative repercussions of their tax strategies.

Preston & Kloppers (2018) discussed the growing global awareness of CSR and used South African laws on tax deductions to explore the relationship between tax deductions and CSR. Preston & Kloppers (2018) recognized that governments can incentivize CSR through tax deductions, but South African tax law did not do so. While we previously relied on CSR's definitions of ethical programs beyond mere compliance with the law (Goldstein & Goldstein, 2020), South Africa failed to incentivize CSR through legal tax deductions. This differs from legally requiring CSR, but highlights the different national perspectives on CSR. Recently, studies outside of the United States have dominated research on CSR and taxation.

Research Question

The literature on the important relationship between CSR and taxation remains limited. In addition, the results and conclusions of prior research on this topic remain inconclusive and conflicting. This led us to the research question: What is the perspective of tax practitioners on the link between taxation and CSR? We hope that this study elevates and adds to the empirical knowledge base on CSR and taxation, and provides further insight on this important relationship.

Theoretical Framework

This study continues to apply legitimacy and stakeholder theory to CSR, but also considers risk management theory. "Legitimacy, stakeholder, and risk-management theories advocate that firms exist within society by constantly managing risk and reputation" (Lanis & Richardson, 2018, p. 229). CSR researchers may use all three of these theories to demonstrate organizational use of CSR and taxation as measures of risk and reputation.

Legitimacy Theory

As discussed, Schlusberg's (1969) study promoted social responsibility as a method of corporations to regain legitimacy in society. Researchers defined legitimacy theory as a status when an organization's value system aligns with its larger social system (Nurhayati, et al., 2016). The legitimacy of an organization depends on its alignment with the values of society.

Additionally, an organization must report its efforts to society to align with these expectations. Society may challenge an organization's legitimacy if the business does

not report its alignment with social expectations. This may occur even if a business performs within the expectations of society (Nurhayati et al., 2016). Under legitimacy theory, societal demands create accountability for an organization.

The responsibilities of CSR include acting within society's framework of ethics (Munilla & Miles, 2005). Tax aggressiveness is socially irresponsible because it creates significant losses to society. Corporate tax aggressiveness is a major public concern and incompatible with community expectations (Lanis & Richardson, 2015). Among other repercussions, these organizations incur reputational damage by stakeholders (in fact, corporations may improve their reputations with investors by initiating CSR (Barnea, Heinkel, & Kraus, 2013)). Organizational policies and actions that fall below community expectations may contribute to the delegitimization of an organization. Without legitimacy from the broader political and social environments, organizations may not be able to survive irrespective of financial performance (Gray, Kouhy, & Lavers, 1995; Lanis & Richardson, 2015). Organizations must align with societal expectations of CSR and taxation in order to survive.

Stakeholder Theory

Under stakeholder theory, following the law must be accompanied by ethical behavior, a focus on the environment, and consideration of all interested parties. Organizations should utilize resources to benefit other segments of society in addition to investors. Stakeholder theory fosters awareness of CSR and its evaluations, and more informed decisions to satisfy stakeholders (Gangone & Ganescu, 2014). Generally, a stakeholder consists of anyone that an organization's objectives can affect or does affect, including non-government organizations, the media, suppliers, customers (Busse, 2016), the government, employees, and the community at-large (Stephenson & Vracheva, 2015). Stakeholders also include tax authorities that use money collected from taxes to provide for the public welfare (Watson, 2015).

Organizations build CSR by demonstrating long-term concern for stakeholders and social influence. In the aggregate, corporate tax avoidance significantly contributes to the decline of government services and degrades an organization's operating environment (Scheffer, 2013). Corporate tax avoidance minimizes contributions to social priorities in education, infrastructure, health care, law enforcement, and the military (Scheffer, 2013). Corporate tax aggressiveness is incompatible with CSR activities like environmental protection and community development (Lanis & Richardson, 2015). A greater understanding of CSR and corporate taxation is critical to organizational viability and government functionality (Stephenson & Vracheva, 2015). Stakeholder theory is necessary for sustaining CSR.

Risk Management Theory

Like stakeholder theory, risk management theory suggests managers utilize CSR as moral capital and wealth from relationships with stakeholders. Managers accumulate moral capital as insurance for protection in the event of negative stakeholder assessments (Chakraborty, Gao, & Sheikh, 2019). A growing number of studies have used risk management theory to examine how CSR can address potential loss of reputation (Xia, Teng, & Gu, 2019). CSR may be utilized to protect an organization's relationship-based intangible assets. Risk management theory suggests that firms may increase CSR activities to mitigate negative corporate events and maximize shareholder investment (Col & Patel, 2019). Organizations continue cost-benefit analyses and focus on maximizing shareholder interest. They use CSR to create positive reputation to offset potential profit-loss. As discussed, many multi-national corporations like Amazon, Google, and Starbucks have received negative media coverage because of their use of offshore tax havens. "According to risk management theory, firms try to overcome such negative media coverage by strategically increasing their CSR activities in response" (Col & Patel, 2019). CSR may be used as a risk management strategy that can enhance a firm's reputation against serious negative outcomes like reputational damage, media influence, tax penalties, and potential customer boycotts (Mao, 2019). Consequently, risk management theory suggests that organizations increase CSR to mitigate the negative reputational and monetary effects that are associated with tax avoidance (Col & Patel, 2019). Risk management theory, along with stakeholder and legitimacy theories form the thematic basis to understand the relationship and effect of CSR and taxation.

Methodology

Goldstein and Goldstein (2020) conducted a qualitative inquiry on the perspective of tax practitioners for corporations on corporate taxes and CSR. This qualitative inquiry employed semi-structured interviews and a snowballing sampling technique to obtain participants. We acquired additional participants through the recommendations of our study's initial sample.

We interviewed fifteen (15) tax practitioners for corporate clients from New York City and surrounding areas. The broad definition of tax practitioners includes attorneys, certified public accountants, and other individuals that may legally represent taxpayers before the Internal Revenue Service (United States' Department of the Treasury Internal Revenue Services, 2014). Our sample consisted of attorneys and certified public accountants that advised corporate clients. Attorneys are individuals in good standing of the bar of a state, territory, or possession of the United States of America (United States' Department of the Treasury Internal Revenue Services, 2014). Certified public accountants are individuals qualified to practice as a certified public accountant in any state, territory, or possession of the United States of America (United States' Department of the Treasury Internal Revenue Services, 2014). By using researchers' original contacts, we gained access to tax practitioners for corporate clients. The targeted population of tax practitioners for corporate clients provided substantive information pertaining to corporate perspectives and

experiences about CSR and taxation.

Researchers aimed for 12 to 15 research participants, however determined the sample size as the research question became more distinct and as necessary. We used purposive or nonprobability sampling to access willing participants based on the specific research question. This study drew participants through purposive sampling and selected participants based on expertise in the subject of corporate taxation. Qualitative research generally uses nonprobability sampling because it does not aim to draw a statistical inference (Renukappa, Egbu, Akintoye, & Goulding, 2012).

We conducted face-to-face interviews with participants lasting approximately thirty (30) minutes. The researchers asked interviewees open-ended question (see Appendix A) during semi-structured interviews to encourage spontaneous descriptions and narratives about CSR and taxation. The purpose of incorporating semi-structured interviews was to gather data and establish shared frameworks of interviewees (Bellotti & Mora, 2016). We developed interview questions one and two for general background information. We developed interview questions three, four, five, eight, nine, and 10 for tax practitioners' perspectives on CSR. These questions addressed how tax practitioners defined CSR, what activities they considered to be CSR, the role CSR played in their discussions with clients, and the financial implications of CSR. These questions specifically addressed the concept of CSR from the perspective of tax practitioners. Researchers developed interview questions six, seven, and 11 for tax practitioners to discuss their perspectives on corporate taxation. Like some of the questions that specifically addressed CSR, these questions addressed the role of taxation in the activities of clients. By interviewing participants, we examined the attitudes of tax practitioners for corporate clients on taxation and CSR.

Results

After assessing tax practitioners' responses, we developed the following themes. Tax practitioners believed that: (1) compliance and CSR were equivalent; (2) a corporation's role, and the role of tax practitioners, was to comply with the law. CSR was an afterthought; (3) altruism motivated CSR and corporations were inclined toward CSR despite taxation. Taxation and financial benefits would not affect CSR. This study expands upon the literature of CSR and taxation as well as provides further insight on the relationship between CSR and taxation.

Compliance is CSR

Under its many definitions and activities, tax practitioners considered mere legal compliance CSR. For the purposes of this study, we relied on the definition of CSR as organizations' responsibilities beyond compliance with the law (Buhmann, 2006; Gaurangumar, 2015; Huang & Watson, 2015; Izzo, 2014; Jennings, 2005; Jacobson, Hood, & Van Buren, 2014; Makinen & Kasanen, 2016; Muller & Kolk, 2015; Osuji & Obibuaku, 2016). Despite this definition of CSR, an underlying theme amongst tax practitioners was that mere compliance with the law qualified as CSR.

While Research Participant 004 included employee and community relations as CSR, he also stated CSR was doing "the right thing tax wise" (004, Q10). In their response to

question number three of this study, tax practitioners cited compliance within their definitions of CSR. Research Participant 006 defined CSR and stated, "I think that corporations or the owners of the corporations should follow the rules and regulations as put forth by the Internal Revenue Service, and all just right practices" (006, Q3). When we followed with the question whether this meant that CSR was essentially complying with the law, Research Participant 006 responded "Absolutely" (006, Q3). CSR was following the law. Similarly, when we asked about the general notion of CSR, Research Participant 013 responded that corporations "have a responsibility to the government. To be in full compliance with the laws" (013, Q10). Tax practitioners included compliance with the law as CSR.

Research Participant 009 discussed cooperation with government investigations as CSR. According to Research Participant 009, CSR is when an organization realizes "there's been either a breaking of the law or some sort of malfeasance by an employee, or an officer, and, and they [the organization] conduct an internal investigation" (009, Q3). Cooperation with the government in preventing or investigating illegal activity qualified as CSR. Research Participant 009 expanded upon this in the role that CSR played in discussions with clients. In discussing CSR with clients, CSR was a matter of "self-monitoring" and "mostly internal investigations and ensuring employees are operating with the law" (009, Q8). Following the law, and making sure employees were following the law, was more than just a legal responsibility. It qualified as CSR.

Conversely, Research Participant 012 recognized many activities that fell under CSR. These included how organizations treated social issues and stakeholders like employees, consumers, customers, the environment, and social issues. However, he summarized his perspective of CSR as "you know, just complying with, other than tax laws, complying with other legal regulations pertaining to their particular business" (012, Q3). To clarify, researchers asked Research Participant 012 whether this meant that CSR was more than compliance with the law. Research Participant 012 explained that CSR was a moral issue for everyone including family, people, and country (012, Q3). Upon clarification, Research Participant 012 recognized that CSR included moral obligations beyond legal compliance; however, this reconciliation came only after further thought and elaboration. Tax practitioners overwhelmingly considered legal compliance CSR.

This theme was prevalent as tax practitioners discussed CSR pertaining specifically to taxation. Research Participant 012 included legal compliance within his definition of CSR but noted that CSR was "more than just from a tax perspective" (012, Q3). However, Research Participant 015 defined CSR as "from a tax standpoint, [corporations have] a responsibility to, you know, pay their taxes...[and] follow the rules and guidelines that have been, you know, placed out by IRS, state governments, and everything like that" (015, Q3). CSR was following the laws, and from a tax perspective in particular, following the tax laws of the state and federal governments. In response to question four, Research Participant 011 stated "You know investment management does not do a whole lot of corporate social responsibility other than paying what they have to in taxes" (011, Q4). CSR was a responsibility "to the system itself. To

be in compliance to pay your taxes. To not try to do anything that's, that's illegal and outside the confines of the law" (017, Q3). Tax practitioners determined compliance with the law a matter of CSR from a tax perspective.

Legal Responsibility over Social Responsibility

An overall theme amongst tax practitioners was that corporations did not have a social responsibility. Corporations' sole responsibility was to comply with the law. This should not be confused with the idea that legal compliance is CSR, but that corporations do not have a responsibility to societal matters. Corporations merely had to comply with the law and did not have a responsibility to CSR or taxes.

The Role of Tax Practitioners

Legal responsibility took precedence over social responsibility in nearly all of research participants' responses; however, this concept was most prevalent in response to question number one concerning tax practitioners' responsibility in advising their corporate clients. In advising their clients, tax practitioners overwhelmingly did not discuss CSR or advise clients of the social purpose of taxes. Tax practitioners reported that their responsibility was to advise their clients to comply with the law. The perspective of tax practitioners was that clients needed to adhere to the Internal Revenue Code and state tax laws (004, Q2; 009, Q5; 011, Q1; 018, Q1).

Research Participant 005 felt his responsibility was to advise clients "How to comply with the law at the lowest tax cost. And also, to keep them out of trouble...basically comply with the laws" (005, Q1). Research Participant 005's responsibility to clients was to make sure that clients were following the law, preferably while paying the least amount of taxes. Research Participant 006 responded similarly. "I would say my responsibility is to explain the tax law...possibly mitigate the amount of taxes" (006, Q1). Research Participants 005 and 006 did not discuss CSR or advise clients of the social purposes of taxes. In fact, it seems as though they felt it was their responsibility to circumvent the social benefits of taxes in the interest of tax avoidance.

Tax practitioners felt that it was their responsibility to assist clients to avoid taxes as much as possible within the confines of the law. Research Participant 015 felt it was his responsibility to advise clients to save the most taxes and "we do what we can to make sure the client is not audited" (015, Q1). Research Participant 015 felt that it was his responsibility to advise clients on how to minimize tax liability, but do so within the confines of the law to avoid legal repercussions. Similarly, Research Participant 016 focused on tax minimization and swayed from CSR. His role was "mainly to save taxes. Whether or not it's to, for social responsibility or otherwise, it's how to best save the taxes for their benefit" (016, Q1). Research Participant 016 focused on tax minimization and believed his clients had "to pay what they're legally required to pay" (016, Q2). Tax practitioners felt that it was their responsibility to assist clients to minimize tax liability within the confines of the law. They did not feel they had a responsibility to advise clients on matters pertaining to CSR.

Tax practitioners reported that it was their duty to advise their clients to evade future legal problems, rather than be

socially responsible. In advising clients that were facing legal prosecution, Research Participant 007 stated, "My role is to have me tell the truth...to get them out of trouble. Not deeper in trouble" (007, Q1). As a tax practitioner, Research Participant 007 felt that it was his responsibility to get his clients out of trouble; essentially, it was his responsibility to have his clients comply with their legal responsibilities. Tax practitioners had the responsibility "to do the best job we can within the law and not break that and go above it" (014, Q1). Similarly, while Research Participant 010 found that it was his responsibility to advise that his clients "stay ethical," ultimately the goal was legal compliance. "My responsibility is to make sure that my clients stay in compliance with the law...it's my job to make sure that they don't go to jail. I mean pretty much that's the bottom line" (010, Q1). Similarly, Research Participant 008 summarized her responsibility to give her clients "advice that most benefits the company but at the same time remaining in compliance with the law" (008, Q1). Tax practitioners' responsibilities were to advise their clients to benefit the business while avoiding legal issues. They did not feel any responsibility to advise clients about CSR.

Some research participants expanded upon the concepts of legal compliance and client benefits in their responses to research question number one. For instance, Research Participant 012 included advisement about employment practices, but the advice was "mostly in compliance with tax rules and regulations" (012, Q1). Even with the added element of employment, the major focus was on legal compliance. Research Participant 013 advised his clients on business structuring, sales tax obligations, and "compliance needs" (013, Q1). Research Participant 017 focused on providing general business advice for clients with an emphasis on clean balance sheets. In these fashions, the focus remained on "Compliance with the law or it's at least as close as, as reasonable" (017, Q1). Even with an expansion of the responsibilities to the business, the ultimate goal of tax practitioners was to make sure that their clients were compliant with the law. Tax practitioners overwhelmingly placed legal compliance at the forefront of their responses to research question number one and neglected CSR. Tax practitioners did not believe they had a responsibility toward CSR when advising their clients.

The Role of Corporations: Law Over CSR

Tax practitioners' notion that corporations' sole responsibility was to comply with the law was supported throughout the data. In response to question two, tax practitioners repeatedly cited mere compliance as clients' primary responsibility to pay taxes. This contradicts society's negative association with tax avoidance (Hoi et al., 2013; Lanis & Richardson, 2015) and its consideration of these organizations as not paying their fair share to ensure the financing of public programs (Lanis & Richardson, 2015). The responsibility of clients to pay taxes "is to follow the tax code" (004, Q2) and "to comply with the IRS rules and regulations and, you know, make the best effort, and also to be able to use legal strategies to reduce their taxes as much as possible" (012, Q2). In response to question number two, Research Participant 011 began by stating that "corporations should strive to be good citizens of the world" but that ultimately their responsibility was to deliver shareholder

value and “pay what is required by law and the code” (011, Q2). Research Participant 011 reiterated, “Obviously, one would like to do other things as a citizen of this world, but you know they are, as long as they’re acting within the confines of the law there [are] no other [responsibilities]” (011, Q2). Research Participant 017 stated it was “Exactly” the responsibility of clients to stay in compliance with the law and use it to mitigate taxes (017, Q2). The perspective of tax practitioners was that corporate clients’ responsibility was to pay taxes merely in compliance with the law, and to use the law to minimize tax responsibilities.

As an example of this, Research Participant 015 discussed the illegal act of receiving a tax deduction for personal expenses disguised as business expenses. Research Participant 015 reminded his clients that they needed to comply with the law. “[T]here’s a fine line when people start trying to deduct all their personal expenses...do I have any valid business reason for taking, you know, X deduction or is this really personal in nature” (015, Q2). However, although corporations had the responsibility to remain in compliance with the law, the responsibility to pay taxes was *de minimus*. While “if they’re making money, they should be paying some tax...they should be taking every penny they’re entitled to” for tax minimization (015, Q2). While Research Participant 015 recognized that clients should not illegally evade taxes by declaring personal expenses as business expenses, corporate clients remained responsible to pay minimal taxes in compliance with the law.

Tax practitioners referenced the law in order to justify a lack of responsibility beyond legal compliance. For instance, tax practitioners cited federal case law to rationalize that corporate clients merely had to follow the law, which included minimizing tax liability. In response to question number two, Research Participant 013 responded that his corporate clients’ responsibility to pay taxes was:

absolute to be in full compliance with all laws including the tax laws. Now, the Supreme Court has held that you are not required to pay any more than you are required to pay, which means that you can avail yourself of all of the legitimate deductions and planning opportunities that are in the law. So, I make sure that they understand that (013, Q2).

The responsibility of corporate clients to pay taxes is to remain compliant with the law and to use the law to minimize tax liability. Although legal, this type of tax avoidance is contrary to the spirit of government legislation and CSR (Bird & Davis-Nozemack, 2016; Gribnau, 2015; Kang, 2016; Prebble & Prebble, 2010). However, Research Participant 005 reiterated this sentiment by quoting Federal Court Judge Learned Hand “no one owes a duty to pay more taxes than their fair share of taxes” (005, Q2). Tax practitioners cited federal case law to support their perspective that corporate responsibility was limited to legal compliance and tax minimization.

In addition to citing federal case law, tax practitioners cited corporate fiduciary duty to support the notion that corporations do not have to maintain CSR. Tax practitioners cited the concept of fiduciary duty to support that corporations only have to comply with the law. Research Participant 016 believed that donating money to charitable

causes went against the fiduciary duties of corporate directors (016, Q5). Charity interfered with the potential profit of the shareholders. As such, charitable contributions could cause potential legal liability for breach of fiduciary responsibility. “All clients want to reduce their taxes, but it doesn’t eliminate their fiduciary liability” (016, Q5). The sole responsibility of a corporation was to benefit its shareholders.

Anything that interfered with this was a possible breach of the legal fiduciary duty. Research Participant 016 believed that ultimately, the financial implications of instituting CSR within a corporation was “absolutely” fiduciary duty toward shareholders and compliance with the law (016, Q9). Fiduciary duty acted as part of a corporation’s responsibility to comply with the law. Tax practitioners cited fiduciary duty and federal case law to support their perspective that legal compliance was a corporation’s sole responsibility. Tax practitioners believed that corporations do not have a corporate social responsibility and must only comply with the law.

Altruism Motivates CSR, Not Taxes

Even though tax practitioners believed that CSR afforded corporations financial benefits, there was a reoccurring theme amongst tax practitioners that corporations perform CSR for altruistic purposes. Corporations perform CSR because the individuals within the corporation want to, and not to increase productivity amongst employees, for marketing or public relations purposes, nor to receive a monetary reward. This corresponds with the concept that CSR and taxation is an issue of corporate culture (Hoi et al., 2013). During the early years of its conception, corporate leaders undertook CSR in response to the social and political climate, not as a direct benefit to the corporation (Cheit, 1964). There was no connection between reducing taxes and CSR, nor the financial implications of CSR. Ultimately, tax practitioners believed that corporations performed CSR because they wanted to.

An Inclination Toward CSR

During his discussion of his clients’ CSR activities, Research Participant 010 described his belief that “most people donate” and perform CSR activities “because they want to” (010, Q4). His belief was that his clients performed CSR for altruistic purposes. His clients did not consider the tax benefits and were more concerned that it was “the right thing to do” (010, Q4). Similarly, in discussing the role CSR played in her clients’ strategic development, Research Participant 011 reiterated the idea that CSR played a small role in the goal of profit (011, Q5). CSR was not related to profit-motivation from a tax perspective. Ultimately, tax practitioners believed that corporations performed CSR because the individuals that made up the corporation were inclined to, but not to receive a financial benefit or tax reduction.

Tax Reduction Would Not Affect CSR

This theme was prevalent in tax practitioners’ responses to research question seven concerning whether reducing taxes would interfere with, and ultimately affect CSR. Research Participant 012 believed that CSR “all depends on the moral character of the people that run that company”

(012, Q7). CSR did not depend on taxes or the reduction of taxes. CSR was an issue of the character of the individuals that composed a business organization. Corporations perform CSR “because they want to do it” (015, Q7). Paying taxes did not interfere with CSR initiatives. CSR and taxes were separate. Corporations have CSR programs “because they feel that, you know, this is what they need to do for the environment. Look, has it gotten them more business, yeah, of course, but the sole factor, the driving factor is not taxes” (015, Q7). Even while recognizing the potential monetary benefits of CSR, the driving factor to perform CSR was altruism.

Corporations did not focus on taxes or financial reward when developing CSR. In fact, Research Participant 015 believed that “if taxes was a factor in this, a lot more companies would probably, you know join in and do whatever they could” (015, Q7). If CSR was related to taxation or monetary benefits, more organizations would participate and expand their CSR programs. Corporations institute CSR independent of taxes and monetary benefits. Research Participant 005 believed that reducing the payment of taxes had nothing to do with CSR. If corporations did not have to pay taxes, they may expand upon or pay dividends, but it would not affect CSR. In responding to research question number seven, “I don’t think it has anything to do with it” (005, Q7). Lessening taxes would not affect CSR. “I don’t think it, whether they pay more or less is any sort of incentive to someone who’s going to be socially conscious and donate more time or donate less time or donate money” (010, Q7). Paying fewer taxes would not incentivize corporations that are going to be socially responsible. “They’re gonna do it if they do it. I don’t think taxes make a difference” (010, Q7). Reducing taxes would not influence CSR. Research Participant 013’s response concerning whether reducing taxes interfered with CSR was blunt. “It does not. It’s that simple” (013, Q7). Tax practitioners recurrently believed that reducing taxes for corporate clients would not make a difference in CSR policies.

Financial Benefits Would Not Affect CSR

Like reducing taxes, there was a theme amongst tax practitioners that corporate clients committed to CSR because they wanted to, not because of financial benefits. In responding to research question number nine and discussing the financial implications of instituting CSR, tax practitioners found financial benefits would not affect CSR. “The money that you make shouldn’t affect corporate social responsibility” (007, Q9). Research Participant 007 focused on the idea that corporations could be socially responsible for free. Finances and financial benefits would not affect CSR because some forms of CSR, like gender equality, were cost neutral (007, Q9). Organizations that avoided CSR because of costs were misinformed because CSR could be free.

Research Participant 012 recognized the financial costs associated with CSR. Clients were not sure if they would see a financial return on CSR investment. “It may come back to them in terms of benefits. It may not. Again, it depends on the moral character of the people that run the company” (012, Q9). Corporations committed to CSR because of the morality of the organization rather than financial benefits. Research Participant 015 reiterated this sentiment.

Corporations that commit to CSR, “do this just to do it” and are “not looking for economic benefit out of it” (015, 09). Corporations that performed CSR did so because they wanted to. They did not expect or look for economic benefit.

Discussion

Compliance is CSR

Tax practitioners considered compliance with the law an act of CSR. Neves and Albuquerque (2019) recognized that some companies included tax payments in their CSR reports (Neves & Albuquerque, 2019). “From environmental concerns, human rights, health and safety we see a development towards respecting the legal order and, lately, we find that paying taxes is already being seen as an element of CSR” (Neves & Albuquerque, 2019, p. 465). Some organizations have recognized the need to report the payment of taxes as a matter of CSR. However, Davis et al. (2013) found that organizations generally use CSR and the payment of taxes as substitutes for one-another, rather than use them mutually. The equation of CSR and the payment of taxes contradicts the definition of CSR as a corporation’s responsibility beyond compliance with the law (Buhmann, 2006; Gaurankumar, 2015; Huang & Watson, 2015; Izzo, 2014; Jennings, 2005; Jacobson et al., 2014; Makinen & Kasanen, 2016; Muller & Kolk, 2015; Osuji & Obibuaku, 2016). Buhmann (2006) argued that because CSR concerns more than the law requires, CSR functions as an informal law amongst corporations. This concept may align with tax practitioners’ belief that compliance is a form of CSR in the context of informal law; however, tax practitioners’ belief that CSR includes mere compliance with the law contradicts this definition of CSR.

Despite this, researchers have called for governmental promotion and legislation to incentivize CSR (Mao, 2019; Preston & Kloppers, 2018). The government may regulate CSR, or legislation may affect CSR. For example, organizations affected by offshore profit shifting laws increased their CSR activity (Col & Patel, 2019). However, the notion that CSR be forced through government regulation is inapposite to its definition that it includes actions beyond mere legal compliance. Mao (2019) recommended that the Chinese government enhance and promote CSR by implementing audits to regulate and supervise the CSR activities of organization. Mao (2019) recommended that the government conduct tax audits to ensure CSR and curb tax avoidance. Although this might ensure integration of CSR into corporate culture, it contradicts the concept that CSR goes beyond compliance with the law.

Recent literature reinforces the definition of CSR as acts beyond compliance with the law. Gaurankumar (2015) expanded upon the concept of legal compliance and discussed compliance with the spirit of law, its ethical standards, and international norms. CSR included acting ethically and within the spirit of the law rather than just legal doctrine. This again exemplifies the contradiction within tax practitioners’ sentiment that compliance with the law is CSR. Huang and Watson (2015) included organizations’ efforts to surpass compliance through voluntary engagement in social good. CSR begins where the law ends (Baudot et al., 2020). In addition to going beyond legal compliance, the notion that CSR be voluntary rather than enforced by the law

was important. Under the concept of CSR, corporations consider philanthropic, ethical, legal, and economic responsibilities beyond shareholders' interests in corporate decisions (Watson, 2015). Tax practitioners' notion that compliance with the law equated to CSR contradicts most current CSR literature.

Legal Responsibility Over Social Responsibility

In addition to tax practitioners' notion that legal compliance is a form of CSR, we found that tax practitioners believed that corporations did not have a responsibility to CSR. This aligned with classical finance theory but conflicted with traditional CSR. As discussed, researchers may trace the roots of CSR to Petit's (1966) study. Petit (1966) concluded that while profit maximization was the primary goal of business, managers may effectively make socially responsible decisions over decisions based solely on profit. Similarly, Drucker's (1962) study focused on the public's expectations of big-business and business leaders. In addition to earning profit, Drucker (1962) concluded that society expected businesses to promote the country's interests in world markets and innovate policies. Big businesses were community rather than private assets.

CSR conflicts with traditional business theory. Under classic finance theory, a business and its leaders were only responsible to comply with the law and create shareholder value (Izzo, 2014). "The task of private firms is to focus on economic issues within the regulatory framework provided by the state" (Makinen & Kasanen, 2016, p. 107). The duty of corporate leaders and corporations was to follow the law and maximize shareholder value. As a result, corporate leaders and organizations are incentivized and have a duty to pay as little in taxes as is allowed by the law (McGowan, & Mahon, 2019). The responsibilities to shareholders to minimize taxation while maximizing profit takes precedent. This is in spite of the potential detriment of other stakeholders and the greater good of society (Baudot et al., 2020; Lanis & Richardson, 2018).

The concept of CSR, to pursue ethical policies above what is minimally required by the law, conflicts with classic finance theory. This is alarming because corporations avoid paying taxes and are not held responsible by stakeholders (McGowan & Mahon, 2019). The perception that the United States tax rate is too high, and "this fiduciary responsibility to shareholders has spurred corporations to act creatively to avoid paying the full effective corporate tax rate (McGowan & Mahon, 2019, p. 72). Gulzar, et al. (2018) maintained that the primary driver of tax avoidance was profit maximization. As a major expense, a reduction in taxes would substantially increase profits. Gulzar, et al. (2018) cited classic finance theory's notion that a business's only obligation is to maximize the shareholders' wealth, "which suggests that firms should be involved in activities related to tax avoidance" (Gulzar, et al, 2018, p. 3). Without accounting for reputational costs, reducing taxes is in the best interest of shareholders (Lanis & Richardson, 2018).

Tax practitioners' belief that corporations do not have a responsibility to pursue ethical policies, and merely comply with the law, corresponds with classic finance theory; however, this belief conflicts with CSR theory. Although, we have discussed that CSR begins where the law ends, CSR extends beyond legislation and fiduciary duty. CSR

addresses the norms and expectations of society (Baudot et al., 2020). Authentic CSR extends to paying taxes and good citizen behavior (Gulzar et al., 2018).

Altruism Motivates CSR, Not Taxes

Even though tax practitioners believed that CSR afforded corporations financial benefits, tax practitioners did not believe that this was why corporations performed CSR. Tax practitioners believed that corporations performed CSR because the individuals within the corporation wanted to, not to benefit the corporation financially. Cheit's (1964) foundational study on CSR suggested a similar construct. Corporate leaders undertook CSR in response to the social and political climate, not as a direct benefit to the corporation (Cheit, 1964). This demonstrates the correspondence of CSR and taxation as an issue of corporate culture (Hoi et al., 2013) rather than performed for corporate benefit. Corporate decisions, including decisions concerning taxes and CSR reflect a shared corporate belief of "right behavior" (Col & Patel, 2019). As a matter of corporate culture, CSR was a shared belief within an organization about the right course of action outside of economics, to include external social effects (Hoi et al., 2013). This literature supports tax practitioners' shared belief that corporations and corporate leaders advocated CSR regardless of benefit to the organization.

However, this conflicts with risk management theory and its application of a cost-benefit analysis from a financial perspective. Businesses increase their CSR to hedge against any reputational risks that might arise from aggressive tax avoidance practices (Col & Patel, 2019). Organizations are hesitant to invest in CSR because it is too expensive and does not generate profit (Preston & Kloppers, 2018). CSR is an investment against decisions that may negatively affect the business's finances. Additionally, the fiscal incentive of tax relief is one of the most effective instruments of the government to encourage CSR (Preston & Koppers, 2018). CSR may result in financial benefits stemming from tax breaks. Generally, firms are willing to invest resources in CSR to meet the ultimate goal of shareholder wealth maximization (Mao, 2019). The decisions of organizations to invest in CSR may be driven by tax deductions and the resulting profit. However, tax practitioners believed that investment in CSR stemmed from altruism, and was not profit-driven.

Although risk management theory suggests that organizations increase CSR to mitigate negative reputational and monetary effects that are associated with tax avoidance (Col & Patel, 2019), recent studies have indicated many variables outside of money affect CSR. "CSR is closely related to society, it is insufficient if only explained by financial variables" (Gunawan & SeTin, 2019, p. 683). This more closely correlates with tax practitioners' views. Organizations are inclined toward CSR for altruistic purposes and the betterment of society. Gunawan and SeTin (2019) concluded that non-financial variables were more likely to affect CSR and its disclosure. This may also indicate CSR's negative effect on tax avoidance in accordance with legitimacy theory. Positive recognition from society and stakeholders drives organizations toward CSR and away from tax avoidance (Dewanti, Dwi, & Sujana, 2019). Corporations may practice CSR because of

the perceived monetary benefits, but social consciousness may prove a better motivator.

Implications

Compliance is CSR

Although tax practitioners were unable to distinctively define CSR and CSR activities, there was a theme amongst tax practitioners that equated legal compliance and CSR. Compliance with the law qualified as CSR. Tax practitioners believed that complying with the law was more than just a legal responsibility. It qualified as CSR. As a result, from the perspective of tax practitioners on the link between CSR and taxation, paying taxes was a form of CSR itself. This may be explained because tax practitioners were unclear on how to define CSR. Complying with the law, including the payment of taxes, qualified as CSR. Tax practitioners linked CSR and taxation because tax practitioners perceived the payment of legally-required taxes as CSR.

Legal Responsibility Over Social Responsibility

Although tax practitioners perceived legal compliance as a form of CSR, tax practitioners did not consider CSR a responsibility of corporations. Corporations do not have a corporate social responsibility beyond legal compliance. Corporations were responsible to comply with the law but did not have a responsibility to CSR or taxes. From this perspective, tax practitioners found that CSR and taxation were linked by legal compliance. Although organizations maintain CSR by having ethical programs beyond compliance with the law, they were not legally required to maintain CSR programs. Similarly, tax practitioners perceived the responsibility of corporations to pay taxes solely within legal requirements. Corporations had no responsibility to pay taxes beyond legal compliance. Tax practitioners perceived taxation and CSR similarly while recognizing the important roles both play in society. The responsibility of corporate clients to both taxation and CSR was merely to comply with the law.

Altruism Motivates CSR, Not Taxes

Tax practitioners believed that corporations performed CSR for altruistic purposes rather than because CSR afforded corporations financial benefits. Corporations do not conduct CSR for marketing or public relation purposes, nor to receive financial gain. Although tax practitioners recognize that CSR creates these benefits, tax practitioners do not believe clients perform CSR for these purposes. Corporations perform CSR because they want to.

On the other hand, corporations pay taxes because they are legally required to. Corporations and corporate leaders do not want to pay taxes even though they recognize the benefits that taxes provide to society. This demonstrates a perceived link by tax practitioners. The incentive to conduct CSR differs from the incentive to pay taxes even though tax practitioners recognize the benefits of both CSR and taxation. Tax practitioners believe corporate clients pay taxes because they are legally required to and dismiss the importance of taxes to better society. On the other hand, tax practitioners believe corporate clients conduct CSR programs because they want to. A reduction in taxes or greater financial benefits from CSR would not incentivize clients to perform CSR.

Practical Applications

CSR and taxation affect a wide range of organizational stakeholders including the government, community, and employees (Goldstein & Goldstein, 2020; Stephenson & Vracheva, 2015). While Goldstein and Goldstein (2020) confined their focus on stakeholder and legitimacy theories, this article includes risk management theory. The results of this study demonstrate that tax practitioners, organizational leaders, and other decision makers in the business world, may correlate tax policy to align more closely with CSR. A greater understanding of CSR and corporate taxation is critical to organizational viability and government functionality (Stephenson and Vracheva (2015). Organizational leaders have the opportunity to enhance corporate legitimacy, deter risky behavior, and improve community relations through CSR and tax policies.

Practical Applications Under Stakeholder Theory

Under stakeholder theory, organizations should utilize resources to benefit other segments of society in addition to investors. Stakeholder theory promotes CSR and informed decisions to satisfy stakeholders (Gangone & Ganesu, 2014). Per the notion of CSR, following the law must be accompanied by ethical behavior, a focus on the environment, and consideration of all interested parties. Fitri & Munandar (2018) concluded that CSR had significant negative effect on tax aggressiveness because organizations avoided tax aggressiveness in an attempt to build good relationships with stakeholders.

Recent social movements held businesses accountable for paying their fair share of taxes (McGowan & Mahon, 2019). These social movements represent the backlash to aggressive tax avoidance policies. The current study may improve organizations' abilities to correlate CSR and taxes. CSR protects organizations from negative stakeholder repercussions, like boycotts, and may reduce operating costs; however, it may be more effective to comply with the spirit of tax law to strengthen stakeholder relations. Organizations may align more effectively with societal demands and achieve greater success through more efficient CSR and tax policies.

Practical Applications Under Legitimacy Theory

In addition to stakeholder theory, Fitri & Munandar (2018) attributed legitimacy theory to CSR's significant negative effect on tax aggressiveness. In order to improve their standings in society, organizations avoided tax aggressiveness. A responsible organization tended to fulfill its tax obligations for the reputation of the business (Fitri & Munandar, 2018). The higher the level of CSR disclosure of a company, the more likely it did not partake in tax avoidance. Dewant, et al. (2019) attributed the negative relationship between tax avoidance and CSR to legitimacy theory. Conversely, organizations utilized CSR activities to appear legitimate and positively affect equity (Ling & Wahab, 2019). Businesses that took measures to avoid taxes paid more attention to CSR to offset the negative repercussions of their tax strategies. The tax policies of an organization correlate with its CSR policies. Organizations must consider the effects of both in order to respond to societal expectation.

Recent social movements have further demonstrated society's rejection of tax avoidance. These movements demonstrate society's delegitimization of tax avoidance. Adhering to the spirit of the tax law, and recognizing its social benefits and importance, aligns more closely with CSR. Corporate tax aggressiveness is a major public concern and incompatible with community expectations (Lanis & Richardson, 2015). Organizations may incur reputational damage for neglecting to associate the social benefits of taxation (Lanis & Richardson, 2015). Tax aggressiveness is socially irresponsible because it creates significant losses to society. By correlating CSR and taxes, corporate managers may improve community relations. This study may help corporate managers improve community relations, avoid risky behavior, and improve corporate legitimacy. Additionally, CSR activities often act as both a socially responsible and legal means of reducing corporate taxes. CSR and taxation affect an organization's economic viability, play a crucial role in providing social benefits, and ultimately affect an organization's acceptance by its stakeholders. By providing more literature on the relation of corporate taxation and CSR, the findings of this study may help corporate managers improve corporate legitimacy.

Practical Applications Under Risk Management Theory

Similarly, risk management theory examines how CSR can address potential reputation loss (Xia, Teng, & Gu, 2019). CSR may protect an organization's relationship-based intangible assets. Risk management theory suggests that firms may increase CSR activities to mitigate negative corporate events and maximize shareholder investment (Col & Patel, 2019).

Organizations continue cost-benefit analyses and focus on maximizing shareholder interest. They use CSR to create positive reputation to offset potential profit-loss. Organizations use CSR to conceal negatively perceived behavior, like tax avoidance (Mao, 2019). Firms engaged in CSR as a risk management strategy against the negative perception of tax avoidance.

On the other hand, Darmayanti & Merkusiwati (2019) found that organizational disclosure of CSR did not influence tax avoidance. Although CSR disclosure should positively affect a community and the business, it remained independent to an organization's survival. Similarly, Gulzar, et al. (2018) demonstrated socially responsible firms were more involved in tax avoidance. This may be because despite the importance of taxes, society does not generally hold tax aggressive organizations accountable (Baudot, et al., 2020). Baudot, et al., (2020) did not find a clear association between an organization's tax behavior and a motivation toward CSR. From the perspective of risk management theory, current literature and the approaches of corporate leaders' conflict. Responsible tax and CSR policies may hedge against negative perception and profit loss. However, we do not know the true association of CSR and taxation. Nor do we know whether society truly holds tax aggressive organizations responsible. By clarifying the link between corporate taxation and CSR, corporate managers may make better decisions for their organizations, profitability, and society.

Recommendations for Further Research

Research on the relation of CSR and taxation remains limited. Although researchers in the United States are aware of this, recent studies have concentrated on populations outside of the United States. Previous studies have illustrated some of the perspectives and history of CSR and business (El Baz et al., 2016; Drucker, 1962; Petit, 1966; Ponting et al., 2016; Schlusberg, 1969; Vidal et al., 2010) and perception of CSR and taxation (Bird & Davis Nozemack, 2016; Gribnau, 2015; Kang, 2016); however, the majority of this research has focused on the fairness and efficiency of corporate taxation (Scheffer, 2013). An organization's decisions related to CSR and taxation affect a wide range of nonfinancial stakeholders including the government, community, and employees (Stephenson & Vracheva, 2015).

This paper highlights the need for researchers to investigate these areas and devote resources to the study of the association of CSR and taxation. As discussed, recent research in other countries have been prevalent. It may be significant to conduct this study using a population from another country, like China or Indonesia, and compare the results from a U.S. population. Tax practitioners may hold their current views because of a myriad of reasons including law and culture. This study and recent studies demonstrate a need to resolve many issues that continue to present gaps in current literature on CSR and taxation.

For instance, CSR continues to lack an exact definition. Tax practitioners equate CSR and paying taxes. While Neves and Albuquerque (2019) recognized that organizations have begun to acknowledge the social importance of taxes, and equating it to CSR, the majority of research demonstrates otherwise. Mao (2019) and Preston and Kloppers (2018) called for greater government intervention to incentivize CSR. This contradicts CSR's definition of actions greater than legal compliance, and also contradicts the notion that complying with the law is CSR. An increase in government legislation would neither create greater acts beyond the call of the law, nor demonstrate that currently paying taxes qualifies as socially responsible behavior. Future studies should strengthen a single definition of CSR and the role of taxes and legislation.

Authentic CSR extends to paying taxes and good behavior as a citizen (Gulzar, et al., 2018). Under classic finance theory, the only responsibilities of a business were to follow the law and create shareholder wealth (Izzo, 2014). Tax practitioners' beliefs more closely align with classic finance theory. Classic finance theory incentivizes tax avoidance and serves as a disincentive to CSR. Clients must only follow the law and minimally pay taxes. Corporations are not required to maintain CSR programs and only minimally required to pay taxes. As such, future researchers should look to reconcile CSR and classic finance theory.

Another reason this is significantly important is because of tax practitioners' belief that altruism motivates CSR. This conflicts with risk management theory. According to risk management theory, organizations use CSR to offset potential profit loss (Col & Patel, 2019). Starbucks' CSR campaign in response to the backlash it received because of its tax avoidance programs stands as a notable example of this (Col & Patel, 2019). Researchers should further study what motivates CSR and tax avoidance. We do not know if tax practitioners are correct, and that altruism motivates

CSR. Further, we do not know whether society truly holds tax aggressive organizations responsible and if this motivates CSR. Managers may hedge against negative perception and profit loss through responsible tax and CSR policies. Potential profit and risk management may incentivize CSR and less tax aggressive policies. It is possible that if tax practitioners are correct, and altruism motivates CSR, then corporations should be inclined to pay more taxes for altruistic purposes. The motivations behind CSR and tax avoidance warrant further study.

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Appendix A Guiding Interview Questions

Researchers used the following 11 questions for each interview:

1. As a tax practitioner for corporate clients, what do you believe is your responsibility in advising your clients?

2. As a tax practitioner for corporate clients, what do you believe is your corporate clients' responsibility to pay taxes?
3. How would you define corporate social responsibility?
4. What types of activities do your clients engage in as corporate social responsibility? Please provide examples.
5. What role does corporate social responsibility play in your clients' strategic development?
6. What role does the payment of taxes play in your clients' strategic development?
7. Describe whether reducing the payment of taxes by a corporate client interferes with the strategic development of corporate social responsibility.
8. What role does corporate social responsibility play in your discussions with corporate clients concerning taxes?
9. What do you believe are the financial implications of instituting corporate social responsibility within a corporation?
10. Is there anything else you want to describe concerning your understanding of corporate social responsibility and its role in your advisement of clients?
11. Is there anything else you want to describe concerning your understanding of corporate taxes?