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CORPORATE TAX DISCLOSURE AND CORPORATE SOCIAL RESPONSIBILITY REPORTING IN GHANA

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Abstract

This study examines the relationship between corporate tax disclosure and corporate social responsibility (CSR) reporting in Ghana, using MTN Ghana as a case study. The financial statements and sustainability reports of MTN Ghana from 2012 to 2021 were analyzed using regression analysis. The study finds a negative relationship between corporate tax disclosure and CSR reporting, indicating that companies that disclose more tax information are more likely to report on their CSR activities. However, the study also finds that CSR reporting in Ghana remains relatively low, with most companies reporting on only a few CSR areas. The study recommends that companies in Ghana should increase their level of CSR reporting and adopt more transparent and accountable tax disclosure practices. This study contributes to the literature on CSR reporting and tax disclosure in developing countries, particularly in Africa, and highlights the importance of promoting transparency and accountability in corporate practices.

Keywords: Corporate social responsibility, corporate tax disclosure, MTN, Ghana, sustainability reporting, tax avoidance

INTRODUCTION

Although taxes are a major source of funding for public services, they are also a cost to businesses. Bourne et al., (2021) opines investors and other stakeholders are becoming more aware of how corporations are handling their tax obligations as governments rewrite the international code on corporate taxes. Bourne et al. (2021) asserted that businesses that use aggressive tax strategies like profit shifting may expose themselves to rising regulatory and reputational risks, which could have a negative impact on their profitability. In contrast, Chouaibi et al., (2021) contend that avoiding taxes benefits society as a whole by increasing business earnings after taxes. Profits after taxes are increased by tax evasion. To Chouaibi et al. (2021), this enhances dividends, for instance, and also makes it possible to create jobs, increasing the amount of money the government receives from other tax sources such indirect payroll taxes and dividend taxes. Davis et al., (2016) posit increasing revenues increase a company's ability to fund socially conscious initiatives. In this context, it is important to emphasize the role that taxes play in determining how the state, the economy, and society function. In order for the government to supply the public with all kinds of public goods and services, taxes are largely collected (Gribnau, 2015).

In recent years, corporate social responsibility (CSR) has become a vital issue for businesses worldwide. Companies are expected to operate in a socially and environmentally responsible manner while generating profits. However, some companies engage in tax avoidance practices that can compromise their CSR initiatives and harm their reputation. Tax avoidance not only affects a company's financial performance but also undermines its social responsibility commitments. Therefore, it is essential to investigate the relationship between CSR reporting and corporate tax disclosure to better understand the implications of these practices for businesses and society. Ghana is a developing country with a rapidly growing economy, and it has attracted significant foreign investment in recent years. The government of Ghana has also implemented several policies and regulations aimed at promoting corporate social responsibility and tax compliance. However, there is a need to understand how companies operating in Ghana manage their CSR and tax obligations and the relationship between the two. Such an understanding is essential to promote transparency and accountability in the corporate sector and to build public trust.

LITERATURE REVIEW

Reporting on corporate social responsibility (CSR) is a new problem in business transparency, according to Abdelfattah and Aboud (2020). The disclosure of corporate social responsibility presents managers with a unique chance to highlight their company's conduct and contributions towards economic and social development, while also meeting the information requirements of various stakeholders. Businesses and academics have both given CSR a lot of attention (Brooks and Oikonomou, 2018). Corporate social responsibility, according to Issah and Rodrigues (2021), is becoming more and more important to businesses' competitive strategies because it offers a variety of advantages, including risk management, easy access to low-cost capital, excellent customer relations, cost savings, the ability to manage human resources, and the ability to innovate and grow.

Environmental, Social, and Governance (ESG) practices are defined by Limkriangkrai et al., (2017) as any action that involves a company's attempts to have a beneficial impact on the environment and society. These procedures also apply to matters of corporate governance, such as honesty, decency, and good governance of the board of directors (Lu and Taylor, 2016; Limkriangkrai et al., 2017).

Tax Avoidance

The term "tax avoidance" refers to the practice of businesses paying less in explicit taxes (Lanis and Richardson, 2013). By forming a subsidiary in a low-tax nation or utilizing accelerated depreciation deductions, for example, businesses can cut their tax rates while maintaining tax strategies that are unlikely to be challenged by the tax authority (Issah and Rodrigues, 2021). Jiang, Zhang, and Si's (2022) postulated that hypothesis, tax avoidance is typically viewed as a socially irresponsible behavior, so why do businesses engage in tax avoidance practices while also claiming CSR? Hoi, Wu, and Zhang (2013) assert that the trade-off between corporate financial performance and CSR behavior influences the extent of corporate tax avoidance. According to Jiang et al. (2022), tax avoidance is used to lower corporate tax burdens through investment and business activities that fall within the bounds of the law. According to Jiang et al. (2022), tax avoidance is used to lower corporate tax burdens through investment and business activities that fall within the bounds of the law. Jiang et al. (2022) argued that tax avoidance is used to lower corporate tax burdens through investment and business activities that fall within the bounds of the law. Cash flow reserves acquired through tax evasion can also be used to lower product prices, raise wages for workers, and boost corporate value. According to this viewpoint, avoiding taxes is not always a socially bad decision (Davis et al., 2016).

Montenegro (2021) opines that companies operate within the context of society by managing both their risk and reputation on an ongoing basis. A rising number of studies have looked into how corporate tax avoidance and corporate social responsibility (CSR) relate to one another (Lanis & Richardson, 2015). These researches have collected contradicting findings according to Montenegro (2021) whereas other studies have revealed that enterprises that are more socially responsible are more likely to be less tax aggressive in nature. Others have come to the conclusion that there is a link between tax evasion and CSR disclosures, and they demonstrate how businesses can use CSR disclosures to live up to social expectations (Salhi et al., 2019).

Corporate Social Responsibility

According to Hoi et al., (2013), CSR initiatives can be viewed as a risk management tactic that a company employs to improve its CSR reputation. This protects the company from the risk of unfavorable political, governmental, and social sanctions/penalties in the case of unfavorable corporate events. According to Hoi et al. (2013), companies can manage their CSR reputation by decreasing (increasing) irresponsible (responsible) CSR activities in order to lower the expected costs related to aggressive tax avoidance practices. If participation in CSR activities is a risk management strategy, aggressive tax avoidance practices should be negatively related to irresponsible CSR activities. Dharma and Noviari (2017) noted that companies with responsible corporate social responsibility activities have a lower chance of getting involved in tax avoidance practices. In its more comprehensive form, the concept of corporate social responsibility (CSR) asserts that businesses have a duty to take into account the interests of their customers, employees, shareholders, host communities and countries, as well as the environment, in all facets of their operational activities.

According to Sokro and Agbola (2016), most telecom companies in Ghana are gradually integrating CSR into their corporate strategies to meet the needs of the communities they operate in and the public's expectations of them. However, despite their ostensibly impressive CSR initiatives, concerns have been raised about the real reason behind these purportedly charitable deeds. According to Sokro and Agbola (2016), previous research found that despite claiming to be socially responsible through charitable activities to improve their corporate image and promote their products and services, most telecom companies still engage in unethical business practices. These practices include providing poor quality services, charging excessive prices, building telecom towers near residential areas, and conducting mass layoffs that leave many employees unemployed (Amoako et al., 2011). As noted by Sokro and Agbola (2016), businesses have recently embraced CSR aggressively as a strategy for market expansion, enhancing brand image, and aiding underserved and disadvantaged areas. The largest mobile operator and market leader in Africa, MTN, carries out its CSR initiatives through the MTN Foundation, which prioritizes community, health, and educational advancement. In order to serve as a conduit for all of MTN's CSR projects in Ghana, the MTN Ghana Foundation was founded in 2007. By enhancing people's lives through appropriate and sustained social intervention, the Foundation hopes to have a significant impact on the community and promote regional, national, and international development agendas (MTN Ghana Foundation, 2007). The MTN Ghana Foundation reported spending €0.976 million on CSR efforts in 2008, which is equal to one percent of its €97.6 million operational profit. This was done in accordance with the

MTN guideline that the local company devote at least one percent of its profit after taxes to CSR (Sokro & Agbola, 2016).

Amponsah-Tawiah and Dartey-Baah (2011) argued that the Ghana Business Code (GHBC) was not introduced and developed until 2006, when it was launched by the Association of Ghana Industries (AGI), Ghana Employers Association (GEA), and Ghana National Chamber of Commerce & Industry (GNCCI). They claimed that there were no predetermined rules governing how to conduct business or acceptable criteria for the environment or business anti-corruption. According to Amponsah-Tawiah and Dartey-Baah (2011), the triple bottom line (profit, planet, and people) is the primary performance indicator for businesses operating in the nation under the GHBC, which is modeled after the United Nations (UN) Global Compact. The ten major principles of the GHBC are based on Ghanaian laws and all emphasize the importance of CSR. It's interesting to note that organizations are not required by law to join the GHBC. It is a voluntary measure that enables organizations' operations to be examined in light of four major categories: anti-corruption, human rights, labor standards, and the environment. When member organizations' operations are found to comply with the guidelines in the GHBC, they are given a certificate of good practice. According to Amponsah-Tawiah and Dartey-Baah (2011), the voluntary nature of GHBC has resulted in limited participation from organizations. As of 01-04-2011, less than 60 SMEs and large-scale manufacturing industries that are members of GNCCI and AGI had enrolled in the program. This could be attributed to concerns regarding scrutiny during the certification process and indicates the level of understanding and acceptance of the GHBC concept in Ghana.

Amo-Mensah (2021) opines that there isn't a formal CSR law in Ghana, but many businesses follow internationally recognized CSR standards like ISO 26000, the Triple Bottom Line idea, the UN Global Compact, the UN 2030 agenda for sustainable development, and the Global Reporting Initiative. Amo-Mensah and Tench (2015) posit that there are also constitutional clauses, regional ordinances, and corporate mandates that serve as frameworks for CSR: for company operations, for environmental conservation, and for the defence of fundamental human rights. According to Amo-Mensah (2021), the local regulations that were reviewed in this study include a number of laws and codes that are applicable in Ghana, such as the Ghanaian Constitution (1992), the Ghana Business Code, the Labour Act, 2003 (Act 651), The Environmental Protection Agency Act, 1994 (Act 490), the Commission of Human rights and Administrative Justice Act 2013 (Act 456), the Minerals and Mining Act, 2006 (Act 703), the Income Tax Act, 2015 (Act 896), the Ghana Investment Promotion Centre Act, 2013 (Act 865) and the National Communications Authority Act, 2008 (Act 769). In Ghana, 50 percent of businesses adhere to international CSR programs like the UN Global Compact and demonstrate a higher level of commitment to them, according to Andrews (2016), while the other 50 percent are led by local CSR policies. In Ghana, where there is national law to streamline and mainstream CSR, the evaluation also emphasizes the necessity for a regulatory approach to CSR (Andrews, 2016). According to Amo-Mensah (2021), companies in Ghana are more aware of and have incorporated socially responsible business practices into their operations as a result of corporate reforms, globalization, and other factors. Her research findings imply that modern CSR in Ghana is defined within the context of development (focused on charitable CSR for good social change) and that it is voluntary corporate self-regulation. The analysis also revealed that businesses' keen interest in CSR initiatives is primarily driven by firm-related factors.

Studies in Ghana on CSR and tax disclosure (avoidance) to the best of our knowledge has been very rare. Amidu et al., (2016) made the effort, and their findings indicate that nearly all the examined enterprises managed their earnings and taxes in some way during the time period. The study also discovered data showing a link between rising CSR activities and rising earnings management, which raises the possibility that sampled organizations may use CSR as a cover for participating in opportunistic behavior like earnings management. Although Amidu et al. (2016) intended to address the question "Do firms manage earnings and avoid tax for corporate social responsibility?" their findings were silent on tax avoidance. Against this backdrop, the current study seeks to examine the relationship between Tax disclosure (avoidance) and corporate social responsibility (CSR) in Ghana, the case of MTN Ghana.

Tax Avoidance and Corporate Social Responsibility

The correlation between tax avoidance and corporate social responsibility is gaining increasing attention as a research topic worldwide. Kim and Im (2017) look into the connection between CSR and tax evasion in Korean businesses. The study demonstrates that tax avoidance has an impact on a company's reputation as well as other non-financial metrics like financial success. Zeng (2018) investigates the connection between CSR and tax evasion in various nations, taking into account the degree of political sway in each. According to the author, different countries have varied attitudes regarding CSR and as a result, their interpretations of the connection between CSR and tax evasion may vary. The research revealed that increased governmental authority within the nation results in greater transparency among private enterprises and decreased involvement in tax evasion tactics. The corporation that operates in a less regulated nation but has a higher CSR score, on the other hand, is discovered to be more engaged in tax evasion activities. Regardless of value creation or social responsibility, companies with better management boards tend to reduce their effective tax rates

(Kiesewetter & Manthey, 2017). According to Mao's (2018) study of publicly traded Chinese enterprises, if a company manages both CSR and tax planning activities, it demonstrates a negative association between the two ideas.

METHODS AND DATA

Global statistical analysis companies offer a variety of potential CSR indices. For instance, Morgan Stanley Capital Investment (later - MSCI) offers the MSCI KLD 400 Social Index, one of the earliest SRI indices (Vinogradnaitė, 2020). Measures like the MSCI ACWI Sustainable Impact Index, the MSCI ACWI SRI index, the JSE SRI index provided by the Johannesburg Stock Exchange (after known as the JSE), the Dow Jones Sustainability Indices (later known as the DJSI), etc. Vinogradnait (2020) believes that the majority of indexes highlight businesses with excellent Environmental, Social, and Governance (ESG) ratings. It is crucial to note that many indices utilize the ESG methodology.

Vinogradnait (2020) claims that environmental criteria put an emphasis on a company's capacity to handle operational risks, maintain a positive public image, and take into account the development of a more sustainable economy. He clarified how diversity, human rights, and consumer protection are connected to social indices. This aspect indicates that companies ought to encourage innovation, handle their image, and recruit competent staff. Concerning board structure, CEO competence, shareholder rights, and misconduct including bribery and fraud, governance standards place a strong emphasis on a company's capacity to balance management and shareholder interests. Vinogradnait (2020) suggested that, on a scale from 0 to 10, all of the major issues should be evaluated from the perspectives of risks, opportunities, and controversies based on their exposure and management. The final rating score is obtained by aggregating the weighted averages of all essential issue scores, adjusting them based on the industry (which is assessed yearly via the MSCI ACWI Index), and assigning them to the corresponding rating letter. Vinogradnait (2020), confirms that the analysis of several CSR metrics showed that the ESG technique offers more precise and in-depth metrics that are utilized to establish global socially responsible investing indexes. Because they enable investors to assess the ethical performance of the firms, or, in other words, to provide a CSR grade, these indexes were developed and are widely used around the world.

According to Cooper and Nguyen (2019), one of the primary reasons why businesses engage in tax planning is internationalization. In other words, businesses form affiliates in tax havens and enable profit and debt shifting while feigning a strong desire to internationalize in order to avoid paying taxes in their own countries. Tax planning is the procedure of utilizing different tactics and systems to lawfully decrease tax obligations to the lowest possible amount.

According to Alduneibat et al. (2017), the effective tax rate is the typical tax rate that a corporation pays. It is frequently contrasted with the statutory tax rate, which is a legal rate established by a nation's law (Gebhart, 2017). Moreover, ETR can also show the efficiency of tax planning activities (Dias & Reis, 2018).

As a conclusion, it can be said that it is crucial to consider a variety of internal and external environment components that may also affect the change in tax evasion in order to conduct a successful regression analysis (Vinogradnaitė, 2020). It is clear that most popular factors used in analysis are firm size proxied by log of total assets (Mao (2019), company's profitability measured by return on assets (ROA) (Zeng (2018), firm growth measured by current income less previous income divided by the previous income (Kim & Im (2017), Efficiency measured by return on equity (ROE) (Kiesewetter & Manthey (2017) as well as capital structure measured by total liabilities divide by total assets (Gulzar et al (2018).

Data Collection

MTN Ghana is one of the largest telecommunications companies in Ghana and has been involved in several CSR initiatives in the country. Therefore, using MTN Ghana as a case study provides a unique opportunity to investigate the relationship between CSR reporting and tax avoidance in Ghana. The study uses the collection and analysis of financial statements and sustainability reports of MTN Ghana from 2012 to 2021. The rationale behind selecting the period from 2012 to 2021 for the study is to capture a long enough time frame to observe trends and patterns in both CSR reporting and tax avoidance practices of the company. The study covers a period of 10 years, which is sufficient to provide a robust analysis of the relationship between CSR reporting and tax avoidance. Moreover, the period of 2012 to 2021 covers a time when there was a growing awareness and concern about corporate social responsibility and tax avoidance. During this time, there were increased calls for companies to be more transparent about their CSR initiatives and to pay their fair share of taxes. This period also covers the implementation of new regulations and guidelines aimed at improving transparency and accountability in the corporate sector, such as the OECD's Base Erosion and Profit Shifting (BEPS) project. Furthermore, the selection of this period also takes into account the availability of data. The study relied on publicly available financial statements and sustainability reports, which are generally published annually. Therefore, the period from 2012 to 2021 allows for the collection of sufficient data points to conduct a comprehensive analysis of the relationship between CSR reporting and tax avoidance. These documents were used as a case study to investigate the relationship between corporate tax disclosure and corporate social responsibility reporting in

Ghana. Regression analysis was employed as the statistical test to determine the relationship between the two variables. The data was analyzed using descriptive statistics and regression analysis to test the hypotheses formulated for the study. The findings from the statistical analysis were then used to draw conclusions and make recommendations. All the data used in the study was obtained from publicly available sources, and no personal or confidential information was used. The study was conducted in accordance with ethical guidelines, and the results were presented objectively without bias or manipulation.

Dependent variable

As the objective of this study is to analyze the influence of CSR on tax avoidance, tax avoidance is the dependent variable. This study will assess tax avoidance using the effective tax rate (ETR) and the formulae listed below:

ETR = Total tax / Pre-tax income

Independent variable

The CSR rate will be utilized as an explanatory variable since the subsequent analysis will examine the influence of CSR on tax evasion. The MSCI ESG Rating methodology was adopted after a thorough theoretical examination of a number of potential CSR measurement techniques. Due to a shortage of data, a simplified version of the model will be utilized in this study (i.e. industry specific ESG scores are not available). The CSR assessment process consists of the following steps: 1. Collect annual and sustainability reports for the period 2012-2021; 2. Evaluate each key issue and provide a score on a scale of 1 to 10; 3. Evaluate the total score for each pillar on a scale of 1 to 10 as the average of all key issues; 4. Calculate the total score for all three pillars on a scale of 1 to 10 as the sum of weighted key issues.

As stated previously, the overall ESG (environment, social, and governance) score is selected as the independent variable.

Control variables

In order to get the most accurate results feasible, additional company-level measurements will be included as control variables in the current study. Company size was chosen because larger companies may invest more in CSR initiatives. Inasmuch as corporations with borrowed money are more inclined to utilize tax exemptions for interest payments, leverage ratio may influence tax avoidance. In addition, organizations that are successful, efficient, and growing are more driven to meet the expectations of their shareholders, which may push them to participate in fraudulent activities such as tax evasion and to invest more in CSR projects.

Instrument of the research

Due to the fact that this study evaluates the influence of CSR on tax avoidance utilizing three distinct dependent variables of tax avoidance, the regression model equation will be tested as used by Vinogradnaitė (2020):

$ETRit = \alpha 0 + \beta 1CSRit + \beta 2SZit + \beta 3LEVit + \beta 4ROAit + \beta 5GRit + \beta 6ROEit$

Regression analysis will be done using Eviews software.

Description of variables

Table 1: Description of variables

Variables	Symbol	Description
Effective tax rate	ETR	Total tax / Pre-tax income
Capital Structure (Financial leverage)	LEV	Debt/ Total Assets
Size	LNSZ	Ln(Total Assets)
Growth rate of firm	GR	Earning before interest and tax
Profitability	ROA	Return on Assets
Efficiency	ROE	Return on Equity

RESULTS AND DISCUSSIONS

Descriptive Statistics

The study employed descriptive statistics to test the behaviour of the various data in the model. The descriptive statistics of the variables utilized in the analysis are illustrated in Table 1. The mean values of all variables are positive, as indicated in the table. A careful observation of the series indicate that the mean and the median are close to each other for all variable set, which suggest that there is minor symmetry of these variables. The result shown in Table 1 indicates that there is a minimal deviation of the variables from their means as shown by the standard deviations. This suggests that the variables have a low degree of deviation from their means, as reflected in the standard deviation, which indicates a relatively stable growth rate of these variables throughout the analyzed period. The mandatory corporate income tax is 25%, the mean of the ETR is 0.25 indicating that MTN Ghana is paying the required income tax rate to the government of Ghana.

All the variables are negatively skewed except firm size and efficiency as observed from Table 2 indicating that the values are greater than their mean values. Most of the variables have leptokurtic kurtosis (fatter tails or extreme outliers or risky) namely tax avoidance, firm size, profitability, growth and capital structure. CSR and efficiency are mesokurtic (normally distributed). With exception of growth which accepted the null hypothesis for the Jarque-Bera statistic. The rest rejected it since the significant level is above 5% indicating that the series are normally distributed.

Table 2. Descriptive Statistics

	ETR	CSR	LNSZ	ROA	GR	ROE	CS
Mean	0.251474	7.474000	15.46138	0.156636	0.109643	0.378249	0.482440
Median	0.250688	7.720000	14.94140	0.182173	0.233658	0.379244	0.484363
Maximum	0.288774	9.010000	18.77260	0.209241	0.434791	0.458686	0.751030
Minimum	0.212394	5.240000	14.25348	0.009811	-1.000000	0.313093	0.076514
Std. Dev.	0.018768	1.114742	1.392243	0.063517	0.415894	0.042561	0.183333
Skewness	-0.123572	-0.668982	1.474454	-1.361443	-2.097855	0.297374	-0.662812
Kurtosis	4.267234	2.724641	4.176015	3.772399	6.347637	2.547706	3.878918
Jarque-Bera	0.694568	0.777487	4.199612	3.337794	12.00444	0.232623	1.054072
Probability	0.706605	0.677908	0.122480	0.188455	0.002473	0.890198	0.590352
Sum	2.514741	74.74000	154.6138	1.566358	1.096426	3.782489	4.824402
Sum Sq. Dev.	0.003170	11.18384	17.44508	0.036310	1.556714	0.016303	0.302499
Observations	10	10	10	10	10	10	10

Correlation Matrix

Table 3 presents the correlation matrix among the variables used in the study. The table shows the correlation coefficients between each pair of variables. The coefficient values range from -1 to 1, with a value of 1 indicating a perfect positive correlation and a value of -1 indicating a perfect negative correlation. A coefficient value of 0 indicates no correlation between the variables. The results show that there is a negative correlation between ETR and CSR (-0.0491), which suggests that firms with higher CSR reporting are associated with lower levels of tax avoidance. This finding supports the argument that firms that engage in CSR are more likely to adopt responsible tax practices. The negative correlation between ETR and ROA (-0.6191) suggests that firms with higher profitability are associated with lower levels of tax avoidance. The negative correlation between ETR and

ROE (-0.3016) also suggests that firms with higher returns on equity are associated with lower levels of tax avoidance.

On the other hand, there is a positive correlation between CSR and LNSZ (0.6981), which indicates that larger firms are more likely to engage in CSR reporting. The negative correlation between CSR and ROA (-0.6191) suggests that firms with higher profitability are less likely to engage in CSR reporting. The negative correlation between CSR and CS (-0.2856) suggests that firms in the consumer staples sector are less likely to engage in CSR reporting.

This indicates that MTN Ghana’s CSR initiatives are negatively correlated to tax avoidance. This means that the firm is not using CSR as a cover to avoid tax as the literature established. Same can be said on firm size and efficiency but interestingly, tax avoidance is positively correlated with profitability, growth and capital structure.

Table 3. Correlation Matrix

	ETR	CSR	LNSZ	ROA	GR	ROE	CS
ETR	1	-0.0491	-0.2350	0.1483	0.1672	-0.3016	0.0275
CSR	-0.0491	1	0.6981	-0.6191	0.1674	-0.1138	-0.2856
LNSZ	-0.2350	0.6981	1	-0.9565	-0.0652	0.5017	-0.3672
ROA	0.1483	-0.6191	-0.9565	1	-0.0173	-0.4610	0.2947
GR	0.1672	0.1674	-0.0652	-0.0173	1	-0.6784	-0.5675
ROE	-0.3016	-0.1138	0.5017	-0.4610	-0.6784	1	0.1524
CS	0.0275	-0.2856	-0.3672	0.2947	-0.5675	0.1524	1

Regression Analysis

Regression analysis was conducted as a primary test to establish linearity between the dependent variable and the independent variables (Table 4). From the table, there is a negative relationship between CSR and tax avoidance which is significant at 1%. This indicates that MTN Ghana is not using CSR to avoid tax. The findings are consistent with Zeng (2018) and Mao (2018). With the exception of capital structure, the rest of the variables are also negatively related but not significant. Meaning that firm size, profitability, growth and efficiency do not have any effect on tax avoidance. Capital structure is positively related with tax avoidance at 1% significant level. This is consistent with literature and theory since firms that opt for leveraging or debt are protected by the tax shield (Vinogradnaitė, 2020). The R-squared (0.22) and Adjusted R-squared (0.20) which explain the goodness of fit of all models indicates that the model is good, stable and can be used for analysis.

Table 4. Regression Analysis

Dependent Variable: ETR
Method: Least Squares
Date: 01/18/23 Time: 17:17
Sample (adjusted): 2012 2021
Included observations: 10 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CRS	-0.009064	0.026913	0.336784	0.0085
LNSZ	-0.033678	0.053962	-0.624111	0.5768
ROA	-0.525338	0.772662	-0.679907	0.5453
GR	-0.014178	0.051233	-0.276724	0.8000
ROE	-0.018010	0.736911	0.024440	0.9820
CS	0.040605	0.099500	-0.408092	0.0006
C	0.801064	0.739146	1.083770	0.3578

R-squared	0.221280	Mean dependent var	0.251474
Adjusted R-squared	0.206161	S.D. dependent var	0.018768
S.E. of regression	0.028685	Akaike info criterion	-4.068834
Sum squared resid	0.002469	Schwarz criterion	-3.857024
Log likelihood	27.34417	Hannan-Quinn criteria.	-4.301188
F-statistic	0.142079	Durbin-Watson stat	2.543984
Prob(F-statistic)	0.978362		

Diagnostics

To test the stability, normality, serial correlation as well as heteroskedasticity, diagnostics were employed for the study to be able to achieve the targeted objectives. The test for serial correlation and heteroskedasticity indicates that the data set is stable since the probability values are greater than the rule of thumb (5%). From the table, probability value of 0.2053 and the Chi-Squire is statistically significant at 1% indicating the null hypothesis of no serial correlation cannot be rejected.

Table 5. Serial Correlation

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	11.36113	Prob. F(2,1)	0.2053
Obs*R-squared	9.578455	Prob. Chi-Square(2)	0.0083

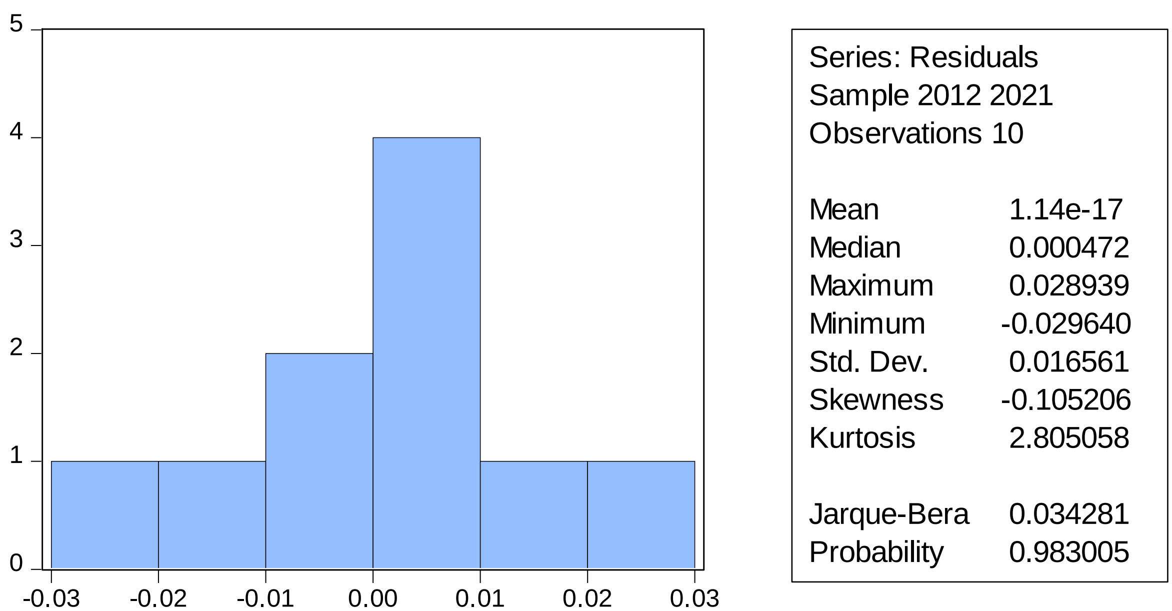
The null hypothesis of heteroskedasticity cannot also be rejected with probability value of 0.4512 which is above 5% significance level as the rule of thumb.

Table 6. Heteroskedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	1.289257	Prob. F(6,3)	0.4512
Obs*R-squared	7.205544	Prob. Chi-Square(6)	0.0023
Scaled explained SS	0.585289	Prob. Chi-Square(6)	0.0166

Per the normality test conducted, the model can be said to be normally distributed. The skewness has a value of -0.11 which is less than +1 but closer to zero indicating that the distribution is negatively skewed. The kurtosis also has a value of 2.81 which is also above positive two (+2) and lastly the Jarque-Bera is not significant (coefficient of 0.088, $p < 0.05$). The result is displayed on figure 1 below.

Figure 1. Normality Test



CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

The findings of this study suggest that there is a significant negative relationship between CSR reporting and tax avoidance in Ghana. This implies that firms that engage in CSR activities are less likely to engage in tax avoidance practices. Additionally, the study found that firm size and profitability are not significant predictors of tax avoidance.

These findings have important implications for policymakers and managers in Ghana. Policymakers can use the findings to encourage firms to engage in CSR activities by offering tax incentives for such activities. Managers can also use the findings to develop CSR programs that not only contribute to society but also help to reduce the firm's tax burden.

However, it is important to note that this study has some limitations. Firstly, the study only considers MTN Ghana in Ghana, and therefore, the findings may not be applicable to other telecommunication companies or privately owned firms. Secondly, the study only focuses on the relationship between CSR reporting and tax avoidance, and it does not consider other factors that may influence tax avoidance, such as the regulatory environment and tax rates.

Therefore, future research should consider these factors and also explore the relationship between CSR activities and other forms of financial performance, such as firm value and financial performance. Overall, the findings of this study provide useful insights into the relationship between CSR reporting and tax avoidance in Ghana and contribute to the literature on CSR and tax avoidance in emerging economies.

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