

How Does Corporate Social Responsibility Affect Financial Performance and Tax Avoidance in ASEAN Companies?

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ABSTRACT

Manuscript type: Research paper

Research aims: This study aims to shed light on the relationship between Corporate Social Responsibility (CSR), financial performance, and tax avoidance among ASEAN-listed companies, while taking into account the role of the Board of Directors (BoD) as a moderating variable.

Design/Methodology/Approach: This study adopts a quantitative approach and utilises panel data from 181 publicly listed companies across six ASEAN countries, Indonesia, Thailand, Singapore, Malaysia, Philippines, and Vietnam, covering a ten-year period (2013–2022). Multiple linear regression was employed to examine the direct effect of CSR on financial performance (measured by ROA, ROE, NPM) and tax avoidance (measured by ETR and NETR), as well as the moderating role of the BoD. Robustness tests were performed using alternative model specifications and sub-sample analyses.

Research findings: The findings indicate that CSR exerts a positive relationship with financial performance. By contrast, this study fails to prove the ability of CSR to reduce tax avoidance. The moderating role

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of the BoD exhibits mixed results, demonstrating greater consistency in curbing tax avoidance than in enhancing financial performance. Robustness checks further validate the stability of the main findings.

Theoretical Contribution/Originality: This study extends CSR and corporate governance literature by offering cross-country evidence from ASEAN countries, highlighting the varying effectiveness of CSR and the BoD in influencing both financial performance and tax avoidance.

Practitioner/Policy implications: Integrating CSR into corporate strategy, when reinforced by competent and responsive boards, has the potential to improve financial performance and reduce tax avoidance, particularly when adapted to country-specific regulatory and cultural contexts.

Research Limitations: Among the limitations are those regarding access to the data and language barriers, particularly in Vietnam and Thailand, where annual and sustainability reports are primarily in local languages.

Keywords: Corporate Social Responsibility, Board of Directors, Tax Avoidance, Financial Performance, ASEAN Companies

JEL classification: M14, G30, H26

1. Introduction

Corporate social responsibility (CSR) is a multifaceted concept (Ady et al., 2022) that encompasses corporate initiatives to integrate social and environmental concerns into a company's decision-making and interactions with stakeholders (Kludacz-Alessandri & Cyganska, 2021). Companies worldwide have been experiencing substantial pressure from stakeholders, such as governments, investors, customers, and employees, to actively engage in CSR (Abbas & Sagsan, 2019). Consequently, a significant number of companies have adopted CSR initiatives as part of their corporate strategy (Bashir, 2024).

Such is also the case in ASEAN companies. The demand to actively engage in addressing socioeconomic and environmental issues in Southeast Asian countries is steadily escalating (Abbas & Sagsan, 2019), grounding CSR as a strategic response to this demand (Bashir, 2024; Ady et al., 2022; Kludacz-Alessandri & Cyganska, 2021). A study by the ASEAN CSR Network (ACN) and the CGIO-NUS Business School (2019) shows a growing commitment to CSR among ASEAN companies. This makes Southeast Asian countries a relevant context for further scrutiny of CSR. Another rationale for investigating ASEAN companies pertains to their diverse characteristics in such a way that they are closely interconnected through regional economic integration and international collaborations (Surya & Rokhim, 2022; Pang et al., 2022) and are indispensable to global economic and trade (Nguyen et al.,

2024). Additionally, the economic development, legal frameworks, and corporate governance practices of Southeast Asian countries are considerably distinct (Ady et al., 2022; Akhtar et al., 2023). These disparities are mostly attributable to variations in local economic frameworks (Ardiyono, 2022).

Companies that engage in CSR are generally perceived as “doing good.” Their involvement in CSR can lead to several favourable outcomes, including enhanced financial performance, improved operational efficiency, higher-quality human resources, and a stronger corporate reputation (Devie et al., 2020; Feng et al., 2022; Herrera & de las Heras-Rosas, 2020; Costa & Fonseca, 2022). Stakeholder theory and legitimacy theory are the two primary academic frameworks that are useful to elucidate how companies can benefit from their CSR. From the perspective of the legitimacy theory (Dowling & Pfeffer, 1975), CSR can serve as a strategy for establishing, preserving, and re-establishing social legitimacy. In addition, it has the potential to create an optimal alignment of stakeholder interests, which is in line with the idea of the stakeholder theory (Freeman, 1980). These improved legitimacy and satisfied stakeholders can be the major factors for further positive outcomes.

A substantial body of CSR literature has investigated the relationship between CSR and financial performance. However, the global evidence remains inconclusive. Some studies report a positive association between CSR and financial performance (e.g., Ali et al., 2020; Awaysheh et al., 2020; Broadstock et al., 2020), while others find negative and no relationships (e.g., Bashir, 2022; Kim & Oh, 2019; Suttipun et al., 2021). This inconsistency suggests that the relationship between CSR and financial performance may be contingent upon numerous factors, such as business environment, regulatory frameworks, economic development, and business culture.

Within the stream of CSR literature, some outcomes of CSR extend beyond financial performance to include non-financial measures, including tax avoidance. Tax avoidance in ASEAN is critical given heterogeneous tax regimes and regional integration that foster aggressive tax planning (Septriani et al., 2025). Evidence shows that tax policy (Fitriantoro & Abbas, 2024), governance mechanisms (Yahaya et al., 2024), country tax environments (Oktavia et al., 2019), and shareholder influence (Sari & Nuryanah, 2024) all shape avoidance practices, underscoring the need to assess whether CSR constrains such behaviour or merely provides symbolic legitimacy. Companies tend to engage more in tax avoidance when their tax rate rises (Li et al., 2022; Ding et al., 2022). Based on the argument

of legitimacy theory, companies that engage in tax avoidance are at risk of losing legitimacy. In response, many companies use CSR initiatives to mitigate external scrutiny and restore their public image (Zhang et al., 2021; Alsaadi, 2020). However, the link between CSR and tax avoidance remains unclear. Some studies suggest that CSR tends to reduce tax avoidance (e.g., Yoon et al., 2021; Ding et al., 2022; Gandullia & Piserà, 2019), while others report the opposite effect (e.g., Abid & Dammak, 2022).

The inconsistent findings regarding the relationship among CSR, financial performance, and tax avoidance suggest that these relationships may be more complex than previously assumed. There might be certain factors that mediate or moderate these relationships. This study contends that a company's success is strongly affected by its governance. The Board of Directors (BoD) is typically responsible for supporting the implementation of good corporate governance through its supervisory functions. Effective governance is crucial to overseeing the company's decisions and actions. This is supported by earlier studies suggesting that BoD can influence corporate tax behaviour, financial strategies, and CSR policies (Pekovic & Vogt, 2020; Saona et al., 2020; Tejerina-Gaite & Fernández-Temprano, 2021).

Most existing studies examining the interplay between CSR, financial performance, and tax avoidance have focused on developed countries, such as the United States (Okafor et al., 2021), the United Kingdom (Fatma & Chouaibi, 2023; Kyere & Ausloos, 2021), Italy (Feng et al., 2022), France (Kahloul et al., 2022; Lajnef & Ellouz, 2022; Saad & Belkacem, 2021), European Nations (Goffi et al., 2022; Karmani & Boussaada, 2021), and China (Ding et al., 2022), as well as on non-ASEAN developing countries like Pakistan (Ramzan et al., 2021; Khan et al., 2023) and India (Ali et al., 2020). However, cross-country studies within the ASEAN region that simultaneously investigate the impact of CSR on financial performance and tax avoidance while also considering the moderating role of the BoD remain limited.

Accordingly, this paper aims to examine the impact of CSR on financial performance and tax avoidance among ASEAN companies, while also taking into account the role of the BoD in moderating the relationship between CSR, financial performance, and tax avoidance. The outcomes of this study will contribute to the literature on CSR and corporate governance, highlighting how companies can benefit from their CSR and corporate governance, particularly for enhancing financial performance and curbing tax avoidance, in the ASEAN countries context.

The structure of this paper is organised to provide a logical flow of information. This paper begins with an introduction that establishes the background, research objectives, and significance of the study. Following this, the literature review synthesises the underpinning theories, existing studies, and hypothesis development. The methodology section details the research design, data collection technique, and analytical approaches. The result section then presents the findings, which are discussed and interpreted in the discussion section. Finally, the last section, the conclusion, highlights the key points of the study and suggests directions for future research.

2. Literature Review

2.1 *Underpinning Theories*

Stakeholder and legitimacy theories are the two predominant frameworks in CSR literature. According to stakeholder theory (Freeman, 1980), a company's long-term sustainability depends heavily on its ability to meet the diverse expectations of its stakeholders (Ali et al., 2020). Consequently, companies are accountable not only to their shareholders but to the wider group of stakeholders, including regulators and the community. Companies that successfully align their operations and stakeholder interests can reap numerous benefits, such as operational support, customer loyalty, enduring partnerships, and a favourable industrial environment. These benefits ultimately enhance efficiency, effectiveness, market competitiveness, and financial performance (Hou, 2019; Jiang et al., 2020). In this context, CSR serves as a key mechanism through which companies can fulfil their stakeholder expectations.

Legitimacy theory (Deegan, 2002), on the other hand, posits that companies are obligated to align their business practices with prevailing social norms, values, and expectations. Failure to uphold this social contract can undermine companies' societal standing and put their legitimacy and sustainability at risk. Within this framework, CSR functions as an accountability mechanism, enabling companies to demonstrate their alignment with societal values and expectations (Nyarku & Anyekple, 2019; Suttipun, 2021). Taking all together, both stakeholder and legitimacy theories emphasise the significant role of CSR in helping companies manage reputational risks by promoting positive public perceptions and a strong corporate image (Partalidou et al., 2020; Liu et al., 2021; Siueia et al., 2019).

The relationship between CSR, financial performance, and tax avoidance can be elucidated under the frameworks of legitimacy and

stakeholder theories. Both frameworks suggest that CSR contributes to enhanced financial performance by aligning company actions with the stakeholder interests. At the same time, CSR promotes reduced tax avoidance by cultivating favourable relationships with the stakeholders, including government authorities responsible for fiscal supervision (Tang et al., 2019). This twofold effect underscores CSR's significance in fostering business sustainability that balances profitability with social responsibility.

2.2 *The Relationship between CSR and Financial Performance*

CSR is one of the key drivers for companies' financial performance. Previous studies confirm that, through CSR, companies can build a strong reputation (Devie et al., 2019; Kim & Oh, 2019), which consequently foster customer trust and loyalty (Bashir, 2022), generates positive word-of-mouth, favourable endorsements, increases repurchase intentions, and boosts revenue growth (Foroudi, 2019), and ultimately enhances financial performance (Liu et al., 2022; Nguyen et al., 2021). Additionally, employee-focused CSR activities, such as investments in work-life balance and better working conditions, can uplift employee satisfaction and productivity, further promoting better financial performance.

Existing evidence on the relationship between CSR and financial performance mostly indicates a positive correlation between CSR and financial performance (Ali et al., 2020; Awaysheh et al., 2020; Babaje et al., 2021; Batae et al., 2021; Broadstock et al., 2020; Cherian et al., 2019; Costa & Fonseca, 2022; Fourati & Dammak, 2021; Nguyen et al., 2021). However, most evidence is predominantly derived from studies undertaken in developed countries or markets with well-established CSR frameworks. This raises an inquiry into whether these findings hold within the ASEAN countries, where regulatory environments, economic development, and corporate cultures are diverse.

Building on the theoretical foundations and prior empirical findings discussed so far, we argue that re-examining the relationship between CSR and financial performance within the ASEAN setting is crucial. This is because company-stakeholder interactions are heavily shaped by local market structures and prevailing social norms. Moreover, ASEAN companies operate in environments where the expectations for social legitimacy vary considerably across countries. Therefore, having an understanding of this relationship in such a diverse setting can provide valuable insights. Accordingly, our first hypothesis is:

Hypothesis 1: There is a positive relationship between CSR and the financial performance among ASEAN companies, indicating that higher CSR engagement is associated with higher levels of financial performance.

2.3 The Relationship between CSR and Tax Avoidance

Tax compliance represents a concrete means for companies to meet stakeholder expectations (Khan et al., 2022). Beyond avoiding legal penalties, tax-compliant companies foster positive perceptions among the public and regulators (Tasnia et al., 2020). According to Carroll's (2016) CSR pyramid, companies that fulfil their ethical or philanthropic responsibility should regard tax compliance as a moral obligation, recognising taxes as a crucial contribution to societal development and community well-being (Khan et al., 2022).

According to legitimacy theory (Deegan, 2002), businesses operate under an implicit social contract with society that requires their activities to align with established societal standards and expectations. Tax avoidance is often perceived as unethical and inconsistent with existing standards, norms, or regulations (Montenegro, 2021), potentially impairing companies' reputation, eroding investor confidence, and provoking adverse reactions from stakeholders, such as product boycotts and the termination of business collaborations (Li et al., 2019; Li et al., 2022). These consequences can ultimately diminish firm value and hinder expansion (Van & Ly, 2022) and significantly undermine company legitimacy. Consequently, companies that prioritise maintaining legitimacy tend to avoid aggressive tax strategies and are more likely to fulfil their tax obligations (Khan et al., 2022). Empirical evidence largely supports this tendency, with numerous studies showing that strong CSR commitments are associated with reduced tax avoidance (Fatma & Chouaibi, 2023; Ding et al., 2022; Gandullia & Piserà, 2019; Gavius et al., 2022; Li et al., 2019; Raithatha & Shaw, 2021; Timbate, 2021; Xu et al., 2022; Yoon et al., 2021). In this context, CSR disclosure serves as a market signal of companies' responsible operations (Bianchi et al., 2019; Nguyen et al., 2021), reinforcing trust and legitimacy in the eyes of stakeholders.

The discussion of the relationship between CSR and tax avoidance is increasingly imperative in the ASEAN context due to the region's diversity in tax regulations, enforcement rigour, and public expectations regarding companies' behaviour. Countries with strong regulatory frameworks and high public pressures for CSR tend to fortify the negative association between CSR and tax

avoidance. In contrast, those with weaker regulatory frameworks may exhibit different patterns. Therefore, investigating this relationship within ASEAN companies provides constructive insights into how CSR functions as a mechanism of social control and reputational management in a diverse business environment. Based on the discussion so far, we hypothesise that:

Hypothesis 2: There is a negative relationship between CSR and tax avoidance among ASEAN companies, indicating that higher CSR engagement is associated with lower levels of tax avoidance.

2.4 The Moderating Role of the Board of Directors (BoD)

The Board of Directors (BoD) plays a strategic role in shaping company policies, overseeing the key decision-making process, and ensuring the effective implementation of CSR initiatives that align with the company's long-term goals (Abdullah & Tursoy, 2023; Sekhon & Kathuria, 2019). A company's adoption of a CSR-oriented approach is not arbitrary; rather, it is influenced by internal governance structures that provide the foundation for decision-making. An effective BoD can guide the development of management policies that integrate the triple bottom line principles of profit, people, and planet through proactive and relevant CSR programs (Devie et al., 2019; Kim & Oh, 2019).

Both stakeholder and legitimacy theories emphasise that strong CSR management benefits the company in multiple ways, including enhanced reputation (Liu et al., 2021), improved access to capital, increased market share, and improved financial performance (Fourati & Dammak, 2021). These benefits are achieved by meeting stakeholders' expectations and maintaining public legitimacy (Suttipun et al., 2021; Nyarku & Anyekple, 2018). Within this perspective, CSR serves as a strategic tool to demonstrate compliance with social standards, mitigate the risk of public criticism, and enhance engagement with the community.

In the ASEAN context, particularly in the six countries that form the focus of this study, Indonesia, Malaysia, Vietnam, Singapore, Thailand, and the Philippines, the role of the BoD is increasingly critical due to the diversity in CSR regulations, governance quality, market maturity, and legal frameworks (Elmghaamez et al., 2023). In Indonesia and Thailand, where CSR regulations are mandatory, the BoD is responsible for ensuring substantive compliance and the effective implementation of CSR programs (Khan, 2025;

Niyommaneerat et al., 2023; Ngelo et al., 2022). Conversely, in Singapore and Malaysia, which follow a voluntary CSR approach, the BoD is expected to leverage CSR as a differentiation strategy and source of competitive advantage (Ahmad & Zabri, 2023; Ling, 2022; Kuah et al., 2022). These variations in legal frameworks and public expectations require the BoD to develop contextual and adaptive CSR strategies that maximise both economic and social benefits, thereby enhancing the company's reputation to enhance financial performance (Pekovic & Vogt, 2020; Ahmad et al., 2023; Mensah & Bein, 2023).

Stakeholder theory and legitimacy theory further illuminate BoD's role in curbing tax avoidance. Compliance with tax regulations is essential for building public trust and maintaining social legitimacy (Ali et al., 2020; Khan et al., 2022; Tasnia et al., 2020). Within this framework, an effective BoD not only ensures substantive CSR implementation but also uses CSR strategically to mitigate reputational risks associated with tax avoidance. CSR acts as a risk management tool that balances stakeholder expectations and reduces the likelihood of negative scrutiny from regulators and the public (Xu et al., 2022; Zhang et al., 2021). Moreover, a strong BoD promotes a CSR orientation that goes beyond legal compliance to embrace ethical and philanthropic responsibilities, consistent with Carroll's (2016) CSR pyramid (Deegan, 1979; Kalbuana et al., 2023). Empirical evidence shows that a robust BoD can constrain tax avoidance by enhancing the quality of CSR disclosure, strengthening oversight of financial policies, and fostering transparent governance practices (Bayar et al., 2019; Chen et al., 2022; Choi & Park, 2022; Hasan et al., 2023; Salhi et al., 2019; Silvera et al., 2022).

Given the diversity in regulatory frameworks, taxation systems, and CSR reporting standards across ASEAN countries (Nayak et al., 2021; Anita et al., 2024), the BoD plays a strategic role in aligning CSR policies and tax strategies with each nation's unique business environment and societal expectations. An effective BoD can strengthen the positive relationship between CSR and financial performance while enhancing CSR's capacity to mitigate tax avoidance. Building upon the theoretical underpinnings, empirical evidence, and the region's distinct characteristics, the following hypotheses are proposed:

Hypothesis 3: The BoD enhances the impact of CSR in driving improved financial performance among ASEAN companies.

Hypothesis 4: The BoD enhances the impact of CSR in driving reduced tax avoidance among ASEAN companies.

3. Methodology

This study examines 181 leading ASEAN companies listed on flagship indices LQ-45 (Indonesia), SET-50 (Thailand), STI (Singapore), KLCI (Malaysia), PSEi (Philippines), and VN-30 (Vietnam) over the period from 2013 to 2022. These indices were chosen due to their comprehensive historical data, strong fundamentals, and high liquidity, which facilitate meaningful cross-country comparisons. The sample was selected using purposive sampling to align with this study's objectives. Specifically, the companies selected had complete financial and non-financial data throughout the observation period and had been listed on a flagship index for at least two years before 2013. Data were collected from the official websites of the respective stock exchanges and reputable secondary sources such as investing.com and yahoofinance.com.

This study's variables include one dependent variable (CSR disclosure), two independent variables (financial performance and tax avoidance), one moderating variable (the Board of Directors, BoD), and three control variables (leverage, age, and size), each measured using established methods. CSR disclosure was assessed using scores from CSRHub, a globally recognised database widely used in cross-country research (Lin et al., 2019; Sandberg et al., 2022). The primary advantage of CSRHub data lies in its consistent and comparable CSR scores across different jurisdictions. CSRHub aggregates information from over 175 reputable sources covering 18,424 organisations in 133 countries, applying a standardised evaluation framework based on Environmental, Social, and Governance (ESG) dimensions. This makes it particularly suitable for the ASEAN context, which features diverse regulations and varying levels of CSR policy development.

Financial performance was measured using three proxies: return on assets (ROA), return on equity (ROE), and net profit margin (NPM) following the methodology of Okafor et al. (2021). Tax avoidance was measured using two proxies from Ding et al. (2022): the effective tax rate (ETR), defined as the ratio of tax expense to accounting income, and the net effective tax rate (NETR), which adjusts the ETR by relevant tax rates. Using both proxies allows for a more comprehensive analysis of tax avoidance while accounting for differences in tax systems across ASEAN countries (Francis et al., 2019). The BoD was measured by the number of board members, as proposed by Pekovic and Vogt (2020). Finally, the control variables

leverage, firm age, and firm size were measured by total debt to total assets, the number of years from the firm's establishment, and the natural logarithm of total assets, respectively.

The data were analysed using multiple linear regression, with the regression models specified as follows:

$$FP_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 BoD_{it} + \beta_3 (CSR_{it} \times BoD_{it}) + \sum \beta_k Control_{kit} + \epsilon_{it} \quad (1)$$

$$TAX_{it} = \beta_0 - \beta_1 CSR_{it} + \beta_2 BoD_{it} + \beta_3 (CSR_{it} \times BoD_{it}) + \sum \beta_k Control_{kit} + \epsilon_{it} \quad (2)$$

where,

FP_{it} : Financial performance of firm i in year t

TAX_{it} : Tax avoidance of firm i in year t

CSR_{it} : CSR score from CSRHub of firm i in year t

BoD_{it} : number of BoD members of firm i in year t

$Control_{kit}$: a set of control variables (leverage, age, and size) of firm i in year t

ϵ_{it} : error term of firm i in year t

4. Result

To describe the characteristics of the data, the descriptive statistics are presented in Table 3. The financial performance indicators show minimum and maximum values ranging from -0.133 to 0.783 for RoA, -1.931 to 3.317 for RoE, and -2.088 to 5.418 for NPM. Considering these maximum values, the mean values of all three financial performance indicators are relatively low, indicating that, on average, most samples reported low values for each indicator. A similar pattern is observed for the two tax avoidance indicators, with values ranging from -0.007 to 1 for ETR and -0.030 to 4.419 for NETR. The mean values for these indicators are also low, as evidenced by their considerable distance from the maximum values. Overall, the negative values observed in RoA, RoE, NPM, ETR, and NETR are primarily attributable to losses incurred during the COVID-19 pandemic. Additionally, the CSR scores range from a minimum of 42.750 to a maximum of 95.500, with a mean of 78.950 and a standard deviation of 12.510, indicating that the data are relatively homogeneous around the average. A similar pattern is observed for the BoD variable, where the number of members ranges from 4 to 17, the mean of 9.210, and the standard deviation of 2.740.

Table 1: Descriptive Statistics

Variable	Min	Max	Mean	Std. Dev
RoA	-0.133	0.783	0.065	0.073
RoE	-1.931	3.317	0.163	0.253
NPM	-2.088	5.418	0.194	0.271
ETR	-0.007	1.000	0.051	0.071
NETR	-0.030	4.419	0.226	0.323
CSR	42.750	95.500	78.950	12.510
BoD	4	17	9.210	2.740
Lev	0.045	6.950	0.592	0.344
Age	2	190	42.740	32.840
Size	3.650	15.260	11.130	1.780

4.1 The Effect of CSR on Financial Performance and Tax Avoidance

Table 2 summarises the testing results for hypotheses 1 and 2. The analysis reveals that CSR significantly improves RoA ($\beta = 4.764$; $p = 0.000$) and RoE ($\beta = 0.182$; $p = 0.000$), while its effect on NPM ($\beta = 0.093$; $p = 0.069$) is marginally significant. These findings support Hypothesis 1, underscoring the relevance of CSR in improving financial performance. In contrast, CSR demonstrates no significant impact on ETR ($\beta = -6.802$; $p = 0.615$) and NETR ($\beta = -0.058$; $p = 0.343$), suggesting a rejection of Hypothesis 2.

Table 2: The Effect of CSR on Financial Performance & Tax Avoidance

Variable	RoA			RoE			NPM		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	1.949	0.000	***	0.342	0.000	***	0.157	0.003	**
CSR	4.764	0.000	***	0.182	0.000	***	0.093	0.069	'
Lev	-1.199	0.012	*	0.046	0.007	**	-0.035	0.063	
Age	2.123	0.000	***	0.000	0.000	***	-0.000	0.002	**
Size	-1.520	0.000	***	-0.033	0.000	***	0.000	0.801	
Adj R	0.137			0.051			0.006		
F	0.000			0.000			0.002		

Variable	ETR		NETR			
	Coef β	Sig	Coef β	Sig		
Intercept	2.239	0.106	0.143	0.022	*	
CSR	-6.802	0.615	-0.058	0.343		
Lev	1.248	0.012	*	0.052	0.021	*
Age	-1.403	0.007	***	-0.000	0.001	**
Size	2.984	0.003	**	0.011	0.009	**
Adj R	0.010		0.010			
F	0.000		0.000			

4.2 The Moderating Effect of the Board of Directors (BoD)

The analysis of the moderating effect of the BoD on the relationship between CSR, financial performance, and tax avoidance is presented in Table 3. The results indicate that the interaction between CSR and the BoD does not affect RoA ($\beta = 3.835$; $p = 0.517$), RoE ($\beta = 4.019$; $p = 0.063$), and NPM ($\beta = -6.004$; $p = 0.800$), leading to the rejection of Hypothesis 3. In contrast, regarding tax avoidance, the interaction between CSR and the BoD shows a significant negative effect on ETR ($\beta = -1.254$; $p = 0.042$) and a marginally significant negative effect on NETR ($\beta = -4.668$; $p = 0.096$), validating Hypothesis 4. This result suggests that an effective BoD can strengthen the role of CSR in reducing tax avoidance.

Table 3: The Moderating Effect of BoD

NETR	RoA			RoE			NPM		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	2.078	0.000	***	5.726	0.000	***	-8.529	0.652	
CSR*BoD	3.835	0.517		4.019	0.063	'	-6.004	0.800	
Lev*BoD	5.988	0.000	***	-1.273	0.033	**	6.432	0.922	
Age*BoD	-6.877	0.000	***	-4.235	0.566		2.123	0.008	**
Size*BoD	-2.151	0.563		4.761	0.725		-2.692	0.070	
Adj R	0.147			0.053			0.009		
F	0.000			0.000			0.001		

Variable	ETR		NETR			
	Coef β	Sig	Coef β	Sig		
Intercept	4.669	0.344	2.443	0.276		
CSR*BoD	-1.254	0.042	*	-4.668	0.096	
Lev*BoD	-7.331	0.669		-4.852	0.533	
Age*BoD	3.495	0.098		1.595	0.096	
Size*BoD	9.905	0.010	*	3.798	0.031	*
Adj R	0.024			0.019		
F	0.000			0.000		

4.3 Robustness Check

The robustness checks were conducted using Generalised Least Squares (GLS) estimation on pooled ASEAN data without country-level segmentation, thereby reducing potential biases from cross-country heterogeneity and heteroskedasticity. This method enabled efficient parameter estimation by accounting for non-constant variance and potential autocorrelation in the data. To further validate the results, alternative model specifications, significance threshold adjustments, and multicollinearity diagnostics were applied, ensuring that the results were not driven by overfitting or model instability. The consistent results reaffirm the robustness of CSR's positive impact on financial performance and its weak association with tax avoidance.

The robustness test results presented in Table 4a align closely with those in Table 2, confirming that CSR has a significant positive effect on ROA ($\beta = 4.532$; $p = 0.000$) and ROE ($\beta = 0.201$; $p = 0.000$), as well as a marginally positive effect on NPM ($\beta = 0.087$; $p = 0.085$). These results reaffirm CSR's role in enhancing financial performance. Conversely, the effect of CSR on ETR ($\beta = -6.254$; $p = 0.587$) and NETR ($\beta = -0.061$; $p = 0.368$) is negative but statistically insignificant, consistent with the earlier results. These results are consistent with the findings in Table 2, suggesting that CSR's influence on tax avoidance is indirect. The stability of the analysis results for control variables further strengthens the validity of the conclusions.

Table 4a: Robustness Check Without Moderating Variable

Variable	RoA			RoE			NPM		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	2.105	0.000	***	0.395	0.000	***	0.121	0.042	*
CSR	4.532	0.000	***	0.201	0.000	***	0.087	0.085	'
Lev	-1.085	0.016	*	0.052	0.006	**	-0.029	0.072	'
Age	2.048	0.000	***	0.000	0.000	***	-0.000	0.004	**
Size	-1.482	0.000	***	-0.031	0.000	***	0.000	0.794	
Adj R ²	0.132			0.049			0.005		
F	0.000			0.000			0.002		

Variable	ETR			NETR		
	Coef β	Sig		Coef β	Sig	
Intercept	2.018	0.119		0.158	0.034	*
CSR	-6.254	0.587		-0.061	0.368	
Lev	1.193	0.015	*	0.049	0.028	*
Age	-1.365	0.009	***	-0.000	0.002	**
Size	2.842	0.004	**	0.010	0.012	*
Adj R ²	0.009			0.009		
F	0.000			0.000		

The robustness test results presented in Table 4b indicate that the interaction between BoD and CSR shows insignificant effects on all proxies of financial performance: RoA ($\beta = 3.742$; $p = 0.529$), RoE ($\beta = 3.928$; $p = 0.071$), and NPM ($\beta = -5.876$; $p = 0.812$). In contrast, the interaction between CSR and BoD exhibits a significant negative effect on ETR ($\beta = -1.189$; $p = 0.046$) and a negative and marginally significant effect on NETR ($\beta = -4.582$; $p = 0.094$), consistent with the main analysis results. Overall, the results confirm those in Table 3, highlighting that the BoD's moderating role is more evident in controlling tax avoidance than in directly enhancing financial performance.

Table 4b: Robustness Check With Moderating Variable

Variable	RoA		RoE			NPM	
	Coef β	Sig	Coef β	Sig	Coef β	Sig	
Intercept	2.112	0.000 ***	5.483	0.000 ***	-8.201	0.645	
CSR*BoD	3.742	0.529	3.928	0.071	-5.876	0.812	
Lev*BoD	5.915	0.000 ***	-1.241	0.038 **	6.328	0.927	
Age*BoD	-6.804	0.000 ***	-4.182	0.572	2.091	0.009 **	
Size*BoD	-2.098	0.572	4.684	0.739	-2.615	0.074	
Adj R ²	0.144		0.051		0.009		
F	0.000		0.000		0.001		

Variable	ETR		NETR	
	Coef β	Sig	Coef β	Sig
Intercept	4.532	0.351	2.382	0.281
CSR*BoD	-1.189	0.046 *	-4.582	0.094
Lev*BoD	-7.212	0.672	-4.721	0.542
Age*BoD	3.462	0.102	1.572	0.101
Size*BoD	9.822	0.012 *	3.742	0.034 *
Adj R ²	0.023		0.018	
F	0.000		0.000	

5. Discussion

5.1 *The Relationship between CSR, Financial Performance, and Tax Avoidance*

Based on the findings above, it is observed that CSR positively affects financial performance. This finding is in line with previous studies that have documented a positive impact of CSR on financial performance across countries and industries, such as Cherian et al. (2019), Ali et al. (2020), Awaysheh et al. (2020), Broadstock et al. (2020), Babaje et al. (2021), Batae et al. (2021), Nguyen et al. (2021), Fourati & Dammak (2021), and Costa & Fonseca (2022). It reinforces legitimacy and stakeholder theories, highlighting the importance of being aligned with stakeholders' values and expectations to earn public acceptance and market support, leading to greater legitimacy. By establishing strong corporate legitimacy, companies can gain numerous benefits, such as enhanced access to financing, increased investor confidence, and wider opportunities for market expansion (Oyewumi et al., 2018; Babaje et al., 2021; Ramzan et al., 2021; Ady et al., 2022; Devie et al., 2020; Okafor et al., 2021), a stronger competitive

presence (Partalidou et al., 2020) and long-term sustainability (Siuieia et al., 2019; Liu et al., 2021), all of which are crucial for achieving better financial performance.

Another finding from this study reveals that CSR has no impact on tax avoidance. This finding can be attributed to several factors. First, the effect of CSR on tax avoidance is often indirect because CSR disclosures do not always reflect actual practices, and thus may not accurately represent a firm's ethical stance on taxation (Lestari & Sholikhah, 2019). Second, the relationship between CSR and tax avoidance can also be influenced by other factors such as national tax systems, the rigour of law enforcement, and the level of corporate profitability, which make companies more inclined to reduce tax burdens. A temporal context of this study is also significant to explain this finding. The data that were collected during the COVID-19 pandemic, a period when most companies in ASEAN experienced substantial revenue declines, may contribute to the finding. Under these conditions, the motivation to engage in tax avoidance diminished, as relatively low profits reduced the potential benefits of such practices (Ariff et al., 2023; Kobbi-Fakhfakh & Baougacha, 2023). Furthermore, nearly all ASEAN countries implemented tax relief measures during the Covid-19 pandemic, including deferred payments and reduced tax rates, which consequently reduced the need to pursue aggressive tax avoidance.

Overall, the findings of this study not only confirm the significance of CSR as a strategic business approach in the ASEAN region but also expand the empirical evidence on its financial benefits within a setting characterised by economic, social, and regulatory diversity. They suggest that while CSR has shown positive influence on financial performance, its effectiveness in curbing tax avoidance may depend on stable economic conditions, consistent regulatory frameworks, and greater transparency in CSR disclosures.

5.2 *The Moderating Role of BoD on CSR, Financial Performance, and Tax Avoidance*

The examination of the moderating role of BoD found that BoD plays a significant role in strengthening the relationship between CSR and tax avoidance among ASEAN companies. This finding aligns with prior studies indicating that an effective BoD can reduce tax avoidance practices while simultaneously enhancing efforts to safeguard corporate reputation (Kalbuana et al., 2023). It supports the argument in the agency theory that the BoD holds a pivotal role in guiding the company's strategic decisions, ensuring that CSR are

pursued not merely for symbolic reasons but also as an instrument to comply with regulations and build legitimacy in the eyes of both the government and the public (Ali et al., 2019). Compliance with tax regulations represents a concrete manifestation of a company's commitment to fostering positive relationships with key stakeholders, particularly the government. This finding is consistent with prior studies that emphasise the BoD's capacity to curb tax avoidance practices (Hasan et al., 2023; Silvera et al., 2022; Chen et al., 2022; Choi & Park, 2022; Salhi et al., 2019; Bayar et al., 2019).

However, this study finds no support for the moderating role of the BoD in strengthening the relationship between CSR and financial performance. The absence of support for this matter may stem from the fact that the mere presence of the BoD does not ensure the effectiveness of its oversight and decision-making functions. BoD effectiveness is highly contingent upon factors such as the size of the BoD and the composition of its members. Directors obviously bring diverse backgrounds, interests, and perspectives, which can potentially lead to internal conflicts that impede strategic decision-making. Previous studies have even suggested that larger boards may be more susceptible to conflicts of interest, potentially reducing governance effectiveness and diminishing their positive impact on financial performance (Abdullah & Tursoy, 2023). Therefore, to optimise BoD functioning, careful attention must be paid to proportional composition, diversity of expertise, and alignment of strategic vision (El-charany et al., 2022; Mensah & Bein, 2023).

5.3 *Additional Analysis*

As an additional analysis, we re-examine the relationship between CSR, financial performance, and tax avoidance as well as the moderating role of BoD in the relationships for each country to observe whether the findings from the main analysis are consistent across countries. The results, presented in Table 5a (CSR-RoA), Table 5b (CSR-RoE), and Table 5c (CSR-NPM), reveal cross-country variation in the effect of CSR on financial performance. However, in most countries, CSR has a positive impact on the majority of financial performance indicators. A similar pattern emerges in the relationship between CSR and tax avoidance at the country level. As shown in Table 6a (CSR-ETR) and Table 6b (CSR-NETR), the impact of CSR on tax avoidance is inconsistent across ASEAN countries. In most countries, with the exception of the Philippines, CSR shows no effect on either ETR or NETR.

Table 5a: The Effect of CSR on RoA in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	0.240	0.000	***	2.819	0.000	***	2.566	0.000	***
CSR	0.008	0.002	*	1.170	0.006	**	-5.385	0.018	*
Lev	-0.070	0.000	***	2.897	0.117		-1.839	0.007	**
Age	0.001	0.000	***	-4.457	0.761		7.432	0.242	
Size	-0.022	0.000	***	-3.117	0.000	***	-1.553	0.000	***
Adj R	0.192			0.353			0.320		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	0.243	0.000	***	3.488	0.000	***	0.152	0.000	***
CSR	0.017	0.720		1.647	0.000	***	0.074	0.045	*
Lev	0.012	0.121		1.808	0.002	**	-0.230	0.000	***
Age	0.000	0.031	*	9.190	0.184		0.000	0.026	*
Size	-0.018	0.000	***	-3.454	0.000	***	0.000	0.842	
Adj R	0.143			0.363			0.497		
F	0.000			0.000			0.000		

Table 5b: The Effect of CSR on RoE in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	0.361	0.000	***	0.734	0.010	*	5.145	0.000	***
CSR	0.281	0.009	**	0.699	0.010	*	-2.636	0.001	**
Lev	0.018	0.674		0.785	0.000	***	1.756	0.476	
Age	0.002	0.000	***	-0.000	0.418		1.355	0.952	
Size	-0.049	0.000	***	-0.143	0.000	***	-1.938	0.001	**
Adj R	0.087			0.245			0.073		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	0.499	0.000	***	0.423	0.000	***	0.147	0.045	*
CSR	-0.062	0.655		0.302	0.000	***	0.093	0.143	
Lev	-0.001	0.944		-0.038	0.000	***	-0.177	0.000	***
Age	0.000	0.206		0.000	0.000	***	0.000	0.094	
Size	-0.026	0.000	***	-0.041	0.000	***	0.005	0.380	
Adj R	0.043			0.288			0.154		
F	0.000			0.000			0.000		

Table 5c: The Effect of CSR on NPM in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	-0.316	0.000	***	2.442	0.847		0.232	0.184	
CSR	0.035	0.575		-1.364	0.256		0.150	0.384	
Lev	-0.126	0.623		1.501	0.004	**	-0.231	0.000	***
Age	-0.001	0.000	***	1.624	0.968		-0.002	0.000	***
Size	0.047	0.000	***	1.744	0.022	*	0.020	0.104	
Adj R	0.141			0.067			0.167		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	0.884	0.001	**	-0.421	0.000	***	0.581	0.000	***
CSR	-0.763	0.030	*	0.484	0.000	***	-0.093	0.508	
Lev	-0.046	0.414		-0.009	0.537		-0.010	0.913	
Age	0.002	0.047	*	-0.000	0.015	*	-0.001	0.071	
Size	-0.008	0.616		0.019	0.016	*	-0.024	0.103	
Adj R	0.016			0.156			0.026		
F	0.037			0.000			0.053		

Table 6a: The Effect of CSR on ETR in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	-0.096	0.000	***	2.104	0.971		-0.013	0.740	
CSR	0.037	0.214		-3.251	0.555		-0.021	0.592	
Lev	0.034	0.005	**	-9.494	0.689		-0.023	0.055	
Age	-0.000	0.002	**	-7.149	0.705		-0.000	0.000	***
Size	0.011	0.000	***	8.327	0.017	*	0.012	0.000	***
Adj R	0.086			0.009			0.084		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	0.243	0.000	***	-1.478	0.001	**	0.048	0.354	
CSR	0.017	0.720		7.291	0.023	*	0.017	0.702	
Lev	0.012	0.121		1.733	0.007	**	0.048	0.102	
Age	0.000	0.031	*	-1.276	0.094		-0.000	0.043	*
Size	-0.018	0.000	***	1.017	0.003	**	-0.001	0.778	
Adj R	0.143			0.067			0.024		
F	0.000			0.000			0.005		

Table 6b: The Effect of CSR on NETR in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	-0.410	0.000	***	0.008	0.971		-0.087	0.679	
CSR	0.150	0.213		-0.135	0.555		-0.109	0.600	
Lev	0.134	0.007	**	-0.039	0.689		-0.113	0.072	
Age	-0.001	0.001	**	-0.000	0.705		-0.002	0.000	
Size	0.050	0.000	***	0.034	0.017	*	0.061	0.000	***
Adj R	0.091			0.009			0.074		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	0.243	0.000	***	-0.568	0.000	***	0.241	0.354	
CSR	0.150	0.213		-0.135	0.555		-0.109	0.600	
Lev	0.012	0.121		0.058	0.007	**	0.241	0.102	
Age	0.000	0.031	*	-0.000	0.060	'	-0.001	0.043	*
Size	-0.018	0.000	***	0.040	0.000	***	-0.006	0.778	
Adj R	0.143			0.080			0.024		
F	0.000			0.000			0.005		

Additionally, the results of the analysis regarding the moderating role of BoD in the CSR-financial performance relationship (as presented in Table 7a, 7b, and 7c) also exhibit varying patterns across ASEAN countries. In most countries, the BoD demonstrates a positive effect on all three financial performance proxies. Finally, similar patterns are observed in Table 8a and Table 8b, indicating that the moderating effect of BoD on the CSR-tax avoidance relationship also differs across ASEAN countries.

Table 7a: Moderating Effect of BoD on CSR-ROA in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	4.377	0.000	***	1.510	0.000	***	2.608	0.024	*
CSR*BoD	1.017	0.000	***	0.092	0.005	**	-2.002	0.159	
Lev*BoD	-4.001	0.000	***	-0.015	0.358		5.068	0.210	
Age*BoD	-2.014	0.005	**	-0.000	0.000	***	-3.332	0.229	
Size*BoD	-1.294	0.493		0.008	0.000	***	1.277	0.120	
Adj R	0.293			0.404			0.329		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	-2.971	0.105		1.275	0.000	***	0.174	0.427	
CSR*BoD	-7.350	0.003	***	5.955	0.000	***	0.029	0.348	
Lev*BoD	2.414	0.000	***	-6.995	0.000	***	0.015	0.215	
Age*BoD	-1.363	0.101		4.768	0.083	'	0.000	0.324	
Size*BoD	-7.843	0.381		7.495	0.000	***	-0.003	0.067	*
Adj R	0.255			0.580			0.496		
F	0.000			0.000			0.000		

Table 7b: Moderating Effect of BoD on CSR-ROE in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	8.984	0.024	*	4.424	0.056	'	1.161	0.004	***
CSR*BoD	2.208	0.000	***	0.462	0.032	*	5.475	0.280	
Lev*BoD	-8.146	0.016	*	0.129	0.253		-1.861	0.197	
Age*BoD	-5.697	0.807		-0.001	0.084	'	-1.197	0.903	
Size*BoD	-3.609	0.552		0.004	0.801		4.085	0.163	
Adj R	0.133			0.253			0.105		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	-1.602	0.772		-5.993	0.902		0.345	0.358	
CSR*BoD	-1.164	0.129		6.169	0.003	**	0.070	0.195	
Lev*BoD	-1.140	0.425		-1.970	0.069	'	0.008	0.675	
Age*BoD	3.055	0.903		2.188	0.000	***	-0.000	0.572	
Size*BoD	3.027	0.264		-6.666	0.052	'	-0.001	0.010	*
Adj R	0.039			0.385			0.147		
F	0.004			0.000			0.000		

Table 7c: Moderating Effect of BoD on CSR-NPM in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	1.256	0.000	***	-0.030	0.975		-1.993	0.020	*
CSR*BoD	0.178	0.000	***	0.259	0.005	**	-0.385	0.000	***
Lev*BoD	-0.011	0.508		0.122	0.011	*	-0.000	0.987	
Age*BoD	0.000	0.398		-0.001	0.015	*	-0.000	0.150	
Size*BoD	0.006	0.040	*	-0.021	0.002	**	0.005	0.399	
Adj R	0.304			0.143			0.217		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	-1.144	0.404		1.952	0.016	*	2.507	0.002	**
CSR*BoD	-0.255	0.080		1.330	0.000	***	0.219	0.063	
Lev*BoD	0.049	0.161		-2.472	0.167		-0.083	0.074	
Age*BoD	0.000	0.133		-3.526	0.000	***	-0.003	0.000	***
Size*BoD	-0.005	0.445		1.303	0.216	*	0.021	0.007	**
Adj R	0.024			0.216			0.073		
F	0.035			0.000			0.004		

Table 8a: Moderating Effect of BoD on CSR-ETR in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	3.819	0.000	***	0.460	0.316		-2.562	0.207	
CSR*BoD	6.259	0.000	***	0.085	0.046	*	-5.619	0.025	*
Lev*BoD	-1.405	0.132		0.082	0.000	***	-3.764	0.597	
Age*BoD	-1.202	0.062		-0.000	0.038	*	1.575	0.747	
Size*BoD	2.811	0.092		-0.005	0.122		1.410	0.330	
Adj R	0.137			0.073			0.130		
F	0.000			0.000			0.000		

Variable	Thailand			Philippines			Vietnam		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	0.008	0.967		5.278	0.130		1.140	0.000	***
CSR*BoD	-0.017	0.044	*	2.620	0.078		0.087	0.011	**
Lev*BoD	0.005	0.333		2.204	0.004	**	-0.001	0.893	
Age*BoD	0.000	0.020	*	-1.065	0.003	**	-0.001	0.000	***
Size*BoD	0.000	0.538		2.763	0.256		0.011	0.000	***
Adj R	0.041			0.135			0.202		
F	0.003			0.000			0.000		

Table 8b: Moderating Effect of BoD on CSR–NETR in Each Country

Variable	Indonesia			Malaysia			Singapore		
	Coef β	Sig		Coef β	Sig		Coef β	Sig	
Intercept	1.510	0.000	***	1.916	0.316		-1.298	0.217	
CSR*BoD	0.252	0.000	***	0.055	0.046	*	-2.687	0.039	*
Lev*BoD	-0.057	0.129		0.345	0.000	***	-1.798	0.626	
Age*BoD	-0.000	0.061	'	-0.001	0.038	*	5.212	0.836	
Size*BoD	0.011	0.094	'	-0.020	0.122	*	6.395	0.393	
Adj R	0.141			0.073			0.108		
F	0.000			0.000			0.000		

Variable	Thailand		Philippines			Vietnam			
	Coef β	Sig	Coef β	Sig		Coef β	Sig		
Intercept	0.044	0.967	1.711	0.146		5.703	0.000	***	
CSR*BoD	-0.085	0.044	*	0.086	0.087	'	0.439	0.011	*
Lev*BoD	0.027	0.333		0.074	0.004	**	-0.009	0.893	
Age*BoD	0.001	0.020	*	-0.000	0.002	**	-0.007	0.000	***
Size*BoD	0.003	0.538		0.009	0.247		0.058	0.000	***
Adj R	0.041			0.145			0.202		
F	0.000			0.000			0.000		

From the additional analysis, we can draw several conclusions. First, the results of all tests show varying findings across countries. Second, the findings from the additional analysis partially support those from the main analysis, particularly regarding the impact of CSR on financial performance dan tax avoidance. However, the results related to the moderating role of BoD vary considerably across countries, making it difficult to conclude its consistency with the main analysis. Overall, these indicate that the impact of CSR on financial performance and tax avoidance, as well as the effectiveness of BoD in fulfilling its roles, are shaped by factors unique to each country, such as institutional dynamics and stakeholder pressures.

6. Conclusion

This study offers a comprehensive analysis of the relationship between CSR, financial performance, and tax avoidance within companies across the ASEAN region, incorporating how the BoD influences these dynamics. Overall, it provides partial empirical support for the proposed hypotheses. The main findings reveal that CSR generally exerts a positive influence on financial performance, aligning with legitimacy theory and stakeholder theory, which

emphasise the importance of corporate responsiveness to societal expectations in building reputation, legitimacy, and sustained stakeholder support. However, CSR is proven not to affect tax avoidance, raising a suspicion that the relationship between CSR and tax avoidance is indirect and depends on factors specific to each country, such as fiscal policies, tax regulation, macroeconomic conditions, and post-COVID-19 dynamics. Additionally, this study found that the effectiveness of the BoD in the context of CSR is more evident in its ability to enhance CSR's role in reducing tax avoidance than in enhancing financial performance.

Overall, these findings imply the need to increase the company's engagement in CSR and the effectiveness of BoD to generate broader impacts, both on financial performance and compliance with tax regulations. Companies should develop CSR programs aligned with the needs of their target communities to further strengthen their reputation. The absence of the CSR-tax avoidance relationship in the multi-country setting, based on our findings, opens avenues for future researchers to explore how regulatory and cultural differences across ASEAN countries may have shaped the results, given that CSR practices, corporate governance structures, and tax compliance are highly context-dependent. The role of BoD, as evidenced in this study, is particularly relevant in strengthening the ability of CSR to mitigate tax avoidance. This implies the need for continuous improvement of the structure and capacity of the BoD.

This study is subject to several limitations. First, access to financial reports was limited because some annual and sustainability reports were either not publicly available or only accessible through subscription-based platforms. This constraint reduced the sample size and may have affected the representativeness of the findings. The second limitation is related to language barriers, particularly in Vietnam and Thailand, where disclosures are primarily in local languages without official translations, thereby resulting in partial data exclusion. Third, this study includes data from the COVID-19 pandemic, during which most companies experienced substantial losses. Therefore, future researchers can extend this study by improving access to data, such as through subscription to relevant sources, and find help to translate the data presented in the local language. Finally, a comparative study to check the stability of the results using data before, during, and after the post-COVID-19 pandemic would be indispensable.

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