CORPORATE SOCIAL RESPONSIBILITY AND TAX AGGRESSIVENESS IN NIGERIA QUOTED COMPANIES

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ABSTRACT
The study examined the effect of corporate social responsibility on tax aggressiveness in Nigeria quoted companies. The study adopted Ex-Post-facto method with extensive reliance on secondary data sourced from the annual reports of thirty-five (35) manufacturing firms quoted on the floor of Nigerian Stock Exchange for the period of 2011-2019. Both statistical and econometric tools were employed in the analysis. The study showed that corporate social responsibility has a positive and significant relationship with tax aggressiveness proxied by effective tax rate in Nigerian manufacturing firms. It was also discovered that community development has a negative effect on tax aggressiveness proxied by effective tax rate in Nigeria manufacturing firms. Also, Social and political engagement has negative effect on effective tax rate in Nigerian sampled manufacturing firms. Hence, the study recommends that manufacturing companies in Nigeria should engage more in corporate social responsibility by giving more to their community where the firm domicile and their country at large. As firms with these characteristics have strong relationship with effective tax rate, which will in turn enhance and improve the confidence of their investors.
Keywords: tax aggressiveness, corporate social responsibility, community development, social engagement, effective tax rate

1. INTRODUCTION

Corporate social responsibility (CSR) and tax aggressiveness are two mutually exclusive goals of the firms that stand at both sides of the continuum. As firms seek to pose positive images to the outside world, compliance with tax policy and other CSR expectations are equally important because they matter to the organization's going concern and national development (Ogbeide, 2017). Usually, taxes are expected to be administered in a manner that reasonably minimises tax burden on the payers. Corporate tax payers often engage the services of tax consultants and undertake corporate social responsibility activities, which are tax deductibles to pay less tax. While tax saving approaches could influence increased engagement in CSR activities, CSR could potentially influence tax aggressiveness. This could be revealed in how a corporation directs its activities towards the welfare of the society at large (Lanis & Richardson, 2011).

Tax aggressiveness refers to tax minimization strategies or subset of strategies, including aggressive tax planning, tax avoidance, and tax evasion (Agundu & Siyanbola, 2017). The lower the effective tax rate, the more tax aggressive firms are and the closer they get to tax avoidance and possibly tax evasion (Avi-Yonah, 2008). CSR, on the other hand, depicts how business takes account of its social and environmental impacts in the way it operates, maximizing the benefits and minimizing the downsides (UK Government, 2004). It also involves ''the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'' (Holme & Watts, 2006)

Consequently, most of the empirical studies on the effect of corporate social responsibility on tax aggressiveness focused on an aggregated analysis without picking a particular sector or industry and also there are scanty empirical studies that focused on the linkage of corporate social responsibility and tax aggressive of manufacturing companies. This is one of the gaps this study is out to fill, most especially in the Nigerian context. Furthermore, the scopes in most of the extant literature reviewed are somewhat past. Based on the dynamics in the national and global environment, there is the need to provide a recent empirical understanding about the relationship between corporate social responsibility and tax aggressiveness (Ogbeide, 2017; Agundu & Siyanbola, 2017). Thus, this study bridges this gap by using recent empirical data to analyse the relationship between these two concepts. It was also discovered that most of the empirical studies carried out in the literature about the nexus of corporate social responsibility and tax aggressiveness were done for other climes such as the developed countries like United Stated, Canada; where tax administration is efficient (Omer, Molloy & Ziebart, 2015). There are still very few empirical studies in the Nigeria context that strive to analyse the relationship between these two concepts (Mgbame *et al*., 2017; Ogbeide, 2017; Agundu & Siyanbola, 2017).Against this backdrop, the paper fills the gap in literature by investigating the effect of corporate social responsibility on tax aggressiveness in Nigeria quoted firms. In line with the broad objective of this paper is to examine the effect of corporate social responsibility on tax aggressiveness in Nigeria. The specific objectives of the study include: examine the effect of community development on tax aggressiveness in Nigeria and evaluate the effect of social engagements on tax aggressiveness in Nigeria

2. LITERATURE REVIEW

Tax Aggressiveness

Tax aggressiveness can be seen as the reduction or minimization of a taxpayer tax liability by carefully arranging their affairs in such ways to take advantage of loop holes in the tax law provisions (Oboh & Omoregie, 2021). It is the intentional act of a taxpayer to pay less than what he ought to pay to the tax authority. Tax aggressiveness is a legal reduction in tax liabilities by practices that take full advantage of the tax code, such as income splitting, postponement of taxes and tax arbitrage across incomes that face different treatments (Rani, Susetyo & Faudah, 2018). Tax aggressiveness arises in a situation where the taxpayer arranges his or her financial affairs in a way that ensures the payment of the least possible amount of tax without infringing the legal rules. Tax aggressive practices are usually implemented to minimize the tax burden to achieve greater after-tax earnings per share and cash available for shareholders (Rani et al., 2018). Thus, it could also reflect a decline in taxable income when managed through tax planning practices that are legal as well as activities that may be viewed as illegal in some circumstances to reduce tax liability. Oboh and Omoregie (2021) opined that tax aggressiveness can be substituted with tax avoidance, tax planning and tax sheltering. Since tax aggressiveness is a form of corporate decision and action that could reflect both executives and non-executives aversion to risk, it presents asuitable setting to assess gender differences in risk taking for board members (Hanlon & Heitzman, 2010). Tax aggressive practices are usually implemented to minimize the tax burden to achieve greater after-tax earnings per share and cash available for shareholders (Lanis & Richardson, 2012). Thus, it could also reflect a decline in taxable income when managed through tax planning practices that are legal as well as activities that may be viewed as illegal in some circumstances to reduce tax liability. Chen, Cheng, and Shevlin (2013) opined that tax aggressiveness can be substituted with tax avoidance, tax planning and tax hiding. While the term includes a particular significance inside bookkeeping investigation into charge, in more extensive practice it is utilized reciprocally with the expression "charge shirking", and it is frequently alluded to as "forceful expense arranging". Dissimilar to tax avoidance which is totally unlawful and a wrongdoing under the law, charge forcefulness includes the utilization of arrangements both in the law and in bookkeeping/charge standards to decrease charge risk.

Corporate Social Responsibility

The concept of Corporate Social Responsibility (CSR) has been greatly debated in the literature by academics, business managers and other stakeholders in the corporate space. This led to a range of contrasting definitions and varying use of the term since the concept is different in theory and practice. Essentially, Corporate Social Responsibility encompasses many dimensions of business activity ranging from the social to economic and to the environmental. For example, Business for Social Responsibility

(BSR) as cited in Boussaidi and Hamed (2015), "corporate social responsibility is characterized as "making business progress in manners that respect moral qualities and regard individuals, networks, and the indigenous habitat". Miles (2012) asserted that CSR as "activities that seem to advance some social great, past the enthusiasm of the firm and that which is legally necessary." Lea (2002) Corporate Social Responsibility (CSR) can be generally characterized as the worry in business activities, incorporating natural dealings with partner. Corporate Social Responsibility is about organizations and other association going past the lawful commitments to deal with the effect they have on the earth and society. In ecological specific, this could manage how association communicate with level representatives, provider, client and the networks in which they work, just as the degree they endeavour to secure nature.

Foran (2001) characterized Corporate Social Responsibility as the arrangement of practices and practices that firm receive toward their work power, close to the earth in which their activities are installed, toward power and towards common society. In the expression of Andersen (2003), corporate social duty is extensively broadening the prompt enthusiasm from oneself to incorporate one's kindred residents and the general public one is living in and is a piece of today, acting with deference for the future age and nature (Omer *et al.*,2015). CSR is the acknowledgment of business commitments to manageable advancement objectives. It refers to how business assesses its monetary, social and ecological effects in the manner in which it works amplifying the advantages and limiting the drawbacks.

The principal variation of corporate social responsibility is community improvement and venture. In the on-going occasions, there has been expanded mindfulness among organizations, particularly global companies, of their obligations toward the networks they work. They have to assume liability for the harms or generally that their tasks have caused the host network. To have the option to do this adequately, there is a requirement for expanded collaboration. Corporate-community partnership (CCP) includes contributing capital and HR, for example, resources like land, time, aptitudes and initiative so as to meet the financial needs of the network where the organization completes its business activities. It includes vital and creative manners by which business interests can line up with network interests so that there is a success win answer for network issues and issues (Manaf *et al*., 2006).

Corporate Social Responsibility (CRS) involves philanthropic exercises completed by firms with the goal of highlighting impressionist achievements to different partners past the conventional monetary/money related accomplishments. Given that CSR use isn't straightforwardly caught as a traditional business exchange sub-head, tending to the nexus among CSR and duty forcefulness linkage has touchy ramifications for overseeing expanded partner relations (Long, et al, 2011). Essentially, the vital focal point of CSR has to do with the arrangement of administrations that lift natural assurance, network improvement, socio-infrastructural advancement and great administration. This goes far in supplementing charge instalments, which when tackled by government, basically encourage the arrangement of essential courtesies, in the center territories of instruction, protection, great administration and other open merchandise for national advancement.

The more extensive point of CSR is to make ever more elevated ways of life while saving the benefit of the partnership or the uprightness of the foundation, for individuals both inside and outside these elements (Hanlon & Heitzman, 2010). This mirrors CSR talk should keep a significant situation in a nation's financial condition. CSR should fill in as the primary instrument to distinguish and improve the connection between business and society. Elkington (1997) expressed that in its tightest term, the social component of CSR is the entire arrangement of qualities, issues and procedures that organizations must deliver so as to limit any damage coming about because of their exercises and to make financial and social qualities. The key highlights here is the emphasis on the more extended term effect of corporate practices; and the rule that associations are responsible for a wide arrangement of partners, not just investors (Nolan, 2006).

Dyllick and Hockerts (2002) characterize corporate maintainability as addressing the requirements of both immediate and backhanded partners, without trading off its capacity to address the issues of partners later on. The social measurement guarantees that the association is responsible to inside and outer partners and that an organization to address effects of its business tasks and the worries of its vital partners (Christensen, et al, 2007). In writing, there is no genuine accord with regards to the definite measurements utilized for social and political measurement measures (Jackson *et al.,* 2011). Some different measurements utilized partner commitment, authoritative trustworthiness, and partner activism. Social supportability implies that associations give even handed openings, guarantee personal satisfaction and give equitable procedures and responsible government structures (Harrington & Smith, 2012).

THEORETICAL REVIEW

Stakeholder Theory

Stakeholder theory was propounded in 1984 by Edward Freeman. Freeman's hypothesis recommends that an organization's genuine achievement lies in fulfilling every one of its partners, not simply the individuals who may benefit from its stock. The partner hypotheses accept that associations are not exclusively capable to their quick investors but on the other hand are capable to its different partners. In like manner, Freeman (1994) suggests that there are a few partners of a firm and they are recognized dependent on their inclinations in the firm. In that capacity, partners incorporate investors, providers, clients, representatives, and even general society. Along these lines, firms from this viewpoint are required to participate in a mindful way towards this gathering of people while recognizing an obligation of care. Partner hypothesis proposes that the requirements of investors and partners of an association ought to be met one next to the other with thought being given to the two sides. Haddock (2005) contends that a comprehensive partner approach causes it feasible for firms to augment their investors' riches while expanding all out outside worth added to the firm.

Freeman et al (2004) have recognized partners as 'those gatherings who have an enthusiasm for the activities of the company. In a subsequent report, Freeman (1994) returned to partner hypothesis and re-imagined partners as any individual or gathering who has an enthusiasm for the firm since he/she can affect or is affected by the association's exercises. From this definition, it is comprehended that the importance of partners is wide for sure, going past those that have absolutely formal or legally binding connections to the association. Different writers consequently composing regarding the matter have characterized partners comparably. Freeman (1994) also explained the definition by expressing that partners are those gatherings who have a stake in or a case on the firm. They have explicitly sketched out providers, clients, representatives, investors, the nearby network and the board as the partner gatherings of an association.

Legitimacy Theory

Legitimacy theory gives a view that the interrelationship between an association and related social desires is essentially a reality of public activity. As indicated by this hypothesis, the endurance of an association is built up both by showcase powers and network desires, and henceforth a comprehension of the more extensive worries of society communicated in network desires turns into an important precondition for an association's endurance (Sotorrio & Sanchez, 2010). Legitimacy is a status that is a result of society's aggregate recognition about the association's activity. It is a social evaluation or examination of corporate lead that is viewed as adequate, suitable or/and attractive. Consequently, it is normal that organizations will embrace satisfactory conduct or possibly to be seen thusly with the goal that they are seen to be "great" corporate residents. Sotorrio and Sanchez (2010) underscored that authenticity is a summed-up recognition or suspicion that the activities of a substance are attractive, legitimate or fitting inside some socially developed frameworks of standards, qualities, convictions and definitions. The fundamental precept of authenticity hypothesis is that the view of the firm by the network depends on how that association has acted in line or generally with socially decided desires. Inside the social and ecological bookkeeping writing, authenticity hypothesis offers bits of knowledge in depicting and clarifying the changing degrees of natural responsiveness by an association.

Empirical Studies

Oboh and Omoregie (2021) explored the impact of corporate social responsibility (CSR) on tax avoidance in Nigeria. From the analysis carried out it was observed that return on asset was found to have a positive relationship with tax avoidance. CSR was found to have a positive relationship with tax avoidance. Corporate social responsibility is a major means of avoiding taxes due to the fact that the cost involved in engaging in corporate social responsibility is very high so therefore it is lessening the tax burden that is due to an organisation.

Umobong and Agburuga (2018) found that CSR increased the potentiality to involve in tax aggressive behaviours by the quoted firms. Essentially, the study found that size was negatively and insignificantly related to CSR for firms practicing poverty alleviation. Also, Firm characteristics had significant impact on whether or not to embark on CSR activities or avoid tax or whether to pay tax and mitigate investment in CSR. They recommended government should encourage firms practicing CSR as a complement to CT through awards and recognition, discourage aggressive tax planning behaviour of mutually exclusive firms by setting up controls and monitoring mechanisms to ensure fair reporting in addition to provision of tax incentives for CSR investments to discourage tax avoidance.

Rani, Susetyo and Faudah (2018) investigated effects of corporate characteristics on tax avoidance, using proxies of profitability, leverage and size. The study selected 49 manufacturing companies listed on the Indonesian stock exchange of the period of 2012-2016 as samples were selected by using the cluster random sampling technique. The result showed that profitability has a significant effect on tax avoidance. The negative relationship between profitability and tax avoidance indicates that the higher the level of profitability the smaller the value of ETR will be which indicates that tax avoidance measures in the company increases.

Mgbame et al (2017) investigated the effect of corporate social responsibility (CSR) performance on tax aggressiveness of listed firms in Nigeria. A cross-sectional research design was utilized for the study, and data were collected from the published annual reports. Using a sample of 50 companies for the period of 2007 to 2013, the findings of the study reveal that there is a negative relationship between CSR performance and tax aggressiveness in Nigeria. A significant relationship was also found between firm size and tax aggressiveness, though with mixed positive and negative results. In addition, the results reveal a negative and significant relationship between firm performance and tax aggressiveness, and the extent of tax aggressiveness is reinforcing.

Agundu and Siyanbola (2017) examined the relationship between CSR and tax aggressiveness using data from 13 distinguished firms among Nigerian Stock Exchange (NSE) top 30. The analytical methods involve descriptive, correlation and regression statistics, with robust, fixed and random effects consideration. The results establish that tax aggressiveness is significantly related with CSR focal components (environmental enhancement and community involvement).

Park (2017) examined the relationship between Corporate social responsibility (CSR) activities and tax avoidance using residual book tax difference (BTD) using a sample of 1,148 publicly listed Korean firms on Korean stock exchange (KSE) and found that firms with higher CSR activities are less likely to avoid tax regardless of which proxy of tax avoidance is used.

3. METHODOLOGY

The Ex-Post-facto research design was adopted in this study. In an Ex-Post-facto research which involves secondary data in which responses in the nature of a factor and its effects on individuals are being studied, the researcher does not have the ability or opportunity to vary or manipulate the independent variables. The population of the study comprise of all manufacturing companies quoted on the floor of the Nigerian Stock Exchange. As at 31st December 2019, there are forty (40) manufacturing companies listed on the Nigeria Stock Exchange (NSE, 2020). Therefore, a sample of 35 quoted manufacturing companies was purposively selected for the study. The method of data analysis that employed in this study is the panel regression analysis using the generalized least square techniques. The choice of ordinary least square regression is due to the fact that OLS regression on pooled data would estimate a single intercept for all the firms, omitting the characteristics that are specific to each and tend not to vary over a short period of time. Omitting relevant unobservable factors would mis-specify the model from the econometric standpoint and would inevitably produce biased (or inconsistent) OLS estimates.

Model Specification

The effect of corporate social responsibilities on tax aggressiveness by incorporating the selected items on the CSR disclosure policy into the model. This is in tandem with conventional organizational theories that emphasized that corporate tax aggressive behaviour could be caused by the strive to balance being socially responsible and community development fund. The model is developed following the framework of Agundu and Siyanbola (2017); Mgbame, et al (2017).

Consequently, our model is shown thus:

TAG = F (COMDEV, SOCENG) (i)

This is further expressed in mathematical form as:

$TAG_{it} = \alpha_0 + \alpha_1 COMDEV_{it} + \alpha_2 SOCENG_{it} + \mu_{it}$ (ii)

Where;

TAG_t = Tax Aggressiveness proxied by effective tax rate

$COMDEV_t$ = Community Development proxied by disclosure on community donations and investment activities (as will be estimated from company's annual reports).

$SOCENG_t$ = Social engagement proxied by disclosure on social activities (as will be estimated from company's annual reports).

α_1-α_2 = are the coefficients of the variables.

μ_t=Error term.

4. DATA PRESENTATION AND DISCUSSIONS OF RESULTS

Descriptive analysis

Essentially in this section, interpretation of the summary statistics is presented. The result of the descriptive statistics is presented in the table below:

Descriptive Statistics

	ETR	CSR	COMDEV	SOCEN
Mean	1.719115	41390.55	532734.3	553145.5
Median	0.200551	2496.725	28605.50	205083.5
Maximum	194.4615	834162.0	30375665	32881478
Minimum	-0.023220	1.000000	520.0000	0.000000
Std. Dev.	16.16787	126558.2	2567410.	2217711.
Skewness	11.63687	4.424634	9.180618	11.80139
Kurtosis	138.4704	23.23567	97.81338	161.5829
Jarque-Bera	231450.3	5975.449	114252.2	314894.1
Probability	0.000000	0.000000	0.000000	0.000000
Sum	505.4198	12168821	1.57E+08	1.63E+08
Sum Sq. Dev.	76590.24	4.69E+12	1.93E+15	1.44E+15
Observations	294	294	294	294

Source: Author's computation from E-views 8.0, 2021

The results of the descriptive Statistics revealed that tax aggressiveness proxied by effective tax rate has a mean value of 1.719115, the maximum value is 194.4615, the standard deviation reveals the spread of the distribution is 16.16787; it suggests below above average variability from the mean in the period observed. It further reveals there is a little variability effective tax rate was negatively minimum (-0.02320) and it has positive skewness and kurtosis, 11.63687 and 138.4704 respectively. The Jarque-Bera value of 231450.3 indicates that effective tax rate (ETR) satisfies normality. With perfect high significant probability values for all the variables (for instance the PV of ETR is 0.000000) of which are below the 0.05 bench mark. Corporate social responsibility (CSR) mean value is 41390.55, the maximum mean is 834162.0, the standard deviation is 126558.2, Corporate social responsibility is positively skewed (4.424634), the kurtosis is also positive (23.23567). The Jarque-Bera value of 5975.4499 is statistically significant 5 % level and satisfies normality. Community Development (COMDEV) has a mean value of 532734.3, which is approximately, the maximum is 834162.0. It is a clear indication that the samples firms have always give to community development. The standard deviation is 2567410 which could have said to be closed to average variability from the median, the skewness is positive (9.180618) and kurtosis also is positive (97.81338). The Jarque-Bera value of 114252.2.71 is statistically significant at 1% level. It portends that the data were normally distributed. Social and political involvement (SOCEN) has a mean value of 5553145.5, which is approximately, the maximum is 20540911. This is means that the samples firms involve in social and political activities. The standard deviation is 2217711, the skewness is positive 11.80139 and kurtosis also is positive 161.5829. The Jarque-Bera value of 314894.1 is statistically significant at 1% level.

Empirical Results of the Analysis

We conduct econometric analysis to test for the behaviour of the study variable especially towards the dependent variable within the econometric data analysis framework. The study also estimated the variable to test for the study hypotheses. In an attempt to explore the relationship between variables used in the study, we carried out correlation analysis using Pearson product moment correlation method.

Correlation Matrix

Probability	ETR	CSR	COMDEV	SOCEN
ETR	260.5110 1.000000			
CSR	17576.95 0.008619 0.147295 0.8830	1.60E+10 1.000000 ----- -----		
COMDEV	-682745.6 -0.016504 -0.282060 0.7781	-1.94E+10 -0.060023 -1.027527 0.3050	6.57E+12 1.000000 ----- -----	
SOCEN	-512296.8 -0.014337 -0.245008 0.8066	1.71E+10 0.061185 1.047497 0.2957	-1.17E+11 -0.020689 -0.353605 0.7239	4.90E+12 1.000000 ----- -----

Source: Author's computation from E-views 8.0, 2021

The table 2 above shows the behaviour and the relationship between the variables of the study. The table shows that the co-efficient of correlation of a variable with respect to itself is 1.000. This indicates that there exists a perfect correlation between a variable with respect to itself. The result also showed that there exists a high positive and significant relationship between corporate social responsibility (CSR) (r= 0.008619). This implies that an increase in corporate social responsibility will automatically result to an increase effective tax rate vice-versa. It was also revealed that community development COMDEV (r= -682745.6) and social and political involvement SOCEN (r= -512296.8) have negative relationship with effective tax rate in Nigerian Manufacturing firms. However, correlation analysis is limited for inferential purposes because it does not suggest causality or functional dependence in a strict sense. The correlation coefficients between the independent variables are quite low and this suggests that the potential for multicollinearity is reduced in the model. However, the variance inflation factor test will also be conducted to properly diagnose the collinearity status of the variables.

HETEROSKEDASTICITY

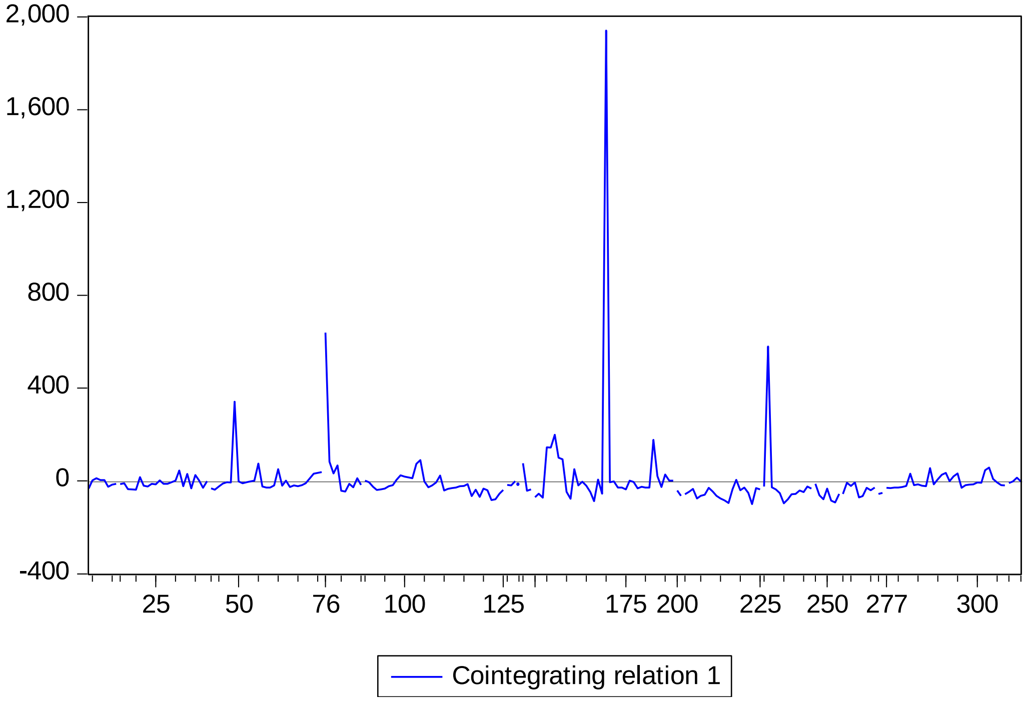
Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.268873	Prob. F(6,291)	0.9511
Obs*R-squared	1.642939	Prob. Chi-Square(6)	0.9494
Scaled explained SS	111.1156	Prob. Chi-Square(6)	0.0000

Source: Author's computation from E-views 8.0, 2021

An examination of the result of the heteroskedaticity test carried out using the Breusch Pagan Godfrey test for Heteroskedaticity which was performed on the residuals as a precaution. The result showed probabilities in excess of 0.9511 which leads us to accept the presence of heteroscedasticity in the residuals.

STABILITY TEST



The test reveals that parameter instability if the cumulative sum goes outside the area between the two critical lines. As observed from the figure, the line for the cumulative sum lies within the 5% critical lines and hence this suggests that the parameters of the model are stable.

DISCUSSION OF FINDINGS

Our discussion of findings is based on the decision rule which is to reject the null hypothesis and accept the alternative if the probability value of the variable is less the critical value. Considering the individual coefficients of the explanatory variables, the findings made from the empirical analysis are:

The result of the statistical analysis found that corporate social responsibility (CSR) had a positive and significant relationship with effective tax rate (ETR) in Nigerian manufacturing firm since the coefficient of corporate social responsibility variable is positive and pass the five percent significance test. This result is in line with the study carried out by Laguir *et al.* (2015) examined how various exercises of social obligation of an organization impact the assessment forcefulness of the organization. The outcomes indicated that assessment forcefulness of an organization relies upon the idea of socially mindful exercises of the organization. Increasingly broad are the exercises of the social element of a socially dependable organization; lower is the degree of assessment forcefulness. Negative relationship exists between community development and effective tax rate. This finding is in agreement with the finding of Lanis and Richardson (2012) further looked to think about CSR revelation works on utilizing 20 duty forceful and 20 non-charge forceful Australian partnerships. The outcomes show that the assessment forceful partnerships included more CSR exposures in their yearly reports than the non-charge forceful companies. Social and political involvement (SOCEN) has negative effect on effective tax rate in Nigerian sampled manufacturing firms. This finding is not in line with Fatoki (2013), the board considers the expense of corporate social obligation as the expense of notoriety or political costs when amplifying benefits. As a legitimate substance, corporate needs to assume social liability despite the fact that it needs cost. Partnerships are considered socially unsatisfactory on the off chance that they will in general be tax aggressive.

5. CONCLUSION AND RECOMMENDATIONS

The model was regressed to analyze the existence of significant relationships between the dependent and independent variables. The study selected 35manufacturing firms which were drawn from all quoted Nigerian firms that have maintained 2011 to 2019 annual financial report. In identifying the possible effect on the variables; the study conducts descriptive statistics, correlation and firm observable estimation of the regression result. Specifically, we studied the relationship between effective tax rate and corporate social responsibility, community development, social involvement or engagement. The study found out that corporate social responsibility has positive and significant relationship on effective tax rate while independent variables have negative effect on tax aggressiveness proxied by effective tax rate in Nigerian firms. Regarding which affect the effective tax rate in Nigeria, the findings confirm that the increase of the corporate social responsibility leads to increase in the effective tax rate vice versa.

In the light of this research work, the following policy recommendations are made:

i. Manufacturing companies in Nigeria should engage more in corporate social responsibility by giving more to their community where the firm domicile and their country at large. Firm with these characteristics have strong relationship with effective tax rate, which will in turn enhance and improve the confidence of their investors, satisfying their creditors and customers, improve their profitability and value of shares.

ii. The study also recommends that institutions should play an important role as a watchdog for maintaining transparency as well as ensuring the social responsibility issues.

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