

of the company. Managers are assumed to be empire builders and thus overinvest to achieve credibility, job security, and further company growth. Of course, such investments may not be in the interest of shareholders or lenders. As the company gets bigger, managers gain more credit by increasing the resources employed under their control, and they may also be able to receive more rewards if the company grows.

Separation of corporate ownership and control can lead to tax decisions that reflect personal gain by managers at the expense of shareholders' wealth loss. The findings of Desai and Dharmapala indicate that in the absence of strong supervision, managers can make non-optimal decisions such as participating in tax avoidance activities for their benefit such as business empire-building. In the accounting literature, tax avoidance is an activity of tax evasion within the framework of tax laws and without crossing the lines of the law. The discussion of tax avoidance is mostly mentioned in the case of companies in which the issue of separation of ownership and control is discussed because real people are less involved in tax evasion and avoidance due to the possibility of detection or internal motivations such as social duty.

Tax avoidance can be a reflection of agency theory and may lead to tax decisions that follow the manager's interests. Tax avoidance activities, especially hidden strategies, can provide a protective shield for management opportunism and diversion of resources. It has been argued for a long time that the creation of managerial rent is reflected in the empire-building activities of managers. Empire-making managers grow their company beyond the desired size by making opportunistic decisions. It has been found that managerial decisions motivated by empire-building lead to inefficient investment decisions.

Since paying taxes will result in benefits for society and can strengthen the social base of companies and ultimately improve their performance, it can be expected that some tax avoidance strategies conflict with the social performance of the company and the interests of society. In other words, the organization should always consider itself a part of the society have a sense of responsibility towards it and strive to improve public welfare independently of the direct interests of the company. One of the main concepts in this regard is Corporate Social Responsibility (CSR), which emphasizes the sustainability of companies with different attitudes. The purpose of CSR is the integration between the organization's activities and

values in such a way that the interests of all stakeholders, including shareholders, investors, employees, customers and the general public, are reflected in the organization's policies and performance.

The results of some research show a negative and significant relationship between corporate social responsibility and daring tax policies. Also, the social responsibility of companies has caused managers to use less daring tax policies. Corporate social responsibility has a positive and significant relationship with corporate tax; with the increase in the dimensions of social responsibility of companies, the tax paid by them increases and as a result, tax avoidance decreases. Also, there is a negative relationship between corporate social responsibility disclosure and tax avoidance, and in companies with high participation in social responsibility, the amount of tax avoidance by the company has decreased significantly. In general, if the company is committed to social responsibility, its average tax avoidance will decrease.

Research Hypothesis

We propose the following hypotheses to examine the effect of tax avoidance on managerial empire-building and the role of corporate social responsibility in the relationship between them:

H1: Tax avoidance has a positive effect on managerial empire-building.

H2: Corporate social responsibility significantly weakens the relationship between tax avoidance and managerial empire-building activities.

Methods

The statistical the population of this study are all companies listed in Tehran Stock Exchange (TSE), in which 81 companies in the period 2013 to 2022 have been selected by systematic elimination method. For data analysis and hypothesis testing, multivariate regression model based on compound data is used.

Results

The results of testing the first hypothesis of the research showed that tax avoidance has a positive and significant effect on managerial empire-building. These findings imply that managers divert the resources obtained through tax avoidance towards opportunistic behaviors such as empire-

building. It was also found that corporate social responsibility weakens the relationship between tax avoidance and managerial empire-building, which indicates the company's commitment to social responsibility. The above findings are by the theoretical foundations available in the research literature of this field.

Discussion and Conclusion

The results obtained from the first hypothesis showed that although tax avoidance activities increase the level of economic resources owned by the company, according to what Hope and Thomas (2008) showed, in the absence of sufficient supervision, it can increase the willingness of managers to engage in opportunistic behavior. Increase like empire building. The research results of Shams et al. (2022) also showed that tax avoidance leads to an increase in managerial empire-building activities, because managers can gain fame, power, and credibility in this way. Also, the results of the second hypothesis test of the research showed that corporate social responsibility weakens the relationship between tax avoidance and managerial imperialism. The research findings of Schulz et al. (2003) showed that instead of saving tax, companies prefer to pay it in full by committing to corporate social responsibility to maintain and improve their social credit and public reputation. Also, the results of the present study follow the results of the research of Shams et al. (2022), because they showed that the weak performance of corporate social responsibility is associated with the increase of managerial imperialism.

Keywords: Managerial Empire-building, Tax Avoidance, Corporate Social Responsibility.