Journal of Accounting Advances, (2026) 18(1): 255-288
Doi: 10.22099/jaa.2026.55570.2590

Journal of Accounting Advances (JAA)
Journal homepage: https://jaa.shirazu.ac.ir

Shiraz University

Investigating the direct and indirect effects of rent and tax revenues on corporate social responsibility regarding the mediating role of democracy: Relying on the resource curse hypothesis

Reza Tolooti Bandpei[1]*, Dr. Yahya Kamyabi[2], Dr. Hossein Fakhari[3]

1. Ph.D. Candidate, Department of Accounting, Faculty of Economic and Administrative Sciences, University of Mazandaran, Babolsar, Iran, r.tolooti04@umail.umz.ac.ir
2. Prof., Department of Accounting, Faculty of Economic and Administrative Sciences, University of Mazandaran, Babolsar, Iran, y.kamyabi@umz.ac.ir
3. Prof., Department of Accounting, Faculty of Economic and Administrative Sciences, University of Mazandaran, Babolsar, Iran, h.fakhari@umz.ac.ir

1. Introduction

According to institutional theory, institutions can affect each other or micro-level actions and activities, such as corporate actions and activities like corporate social responsibility. In addition, institutions are also affected by macro-political, economic, social, etc., parameters. Therefore, this study specifically examines the direct and indirect effects of two economic parameters, revenues from natural resource rents and tax revenues, on corporate social responsibility, regarding the mediating role of the institution of democracy. Several perspectives and theories have been proposed regarding the motivations for paying attention to corporate social responsibility (opportunistic vs. efficient contracts) and legal requirements (the presence of legal requirements vs. the absence of legal requirements). What is the basis and theme of this study is the perception of the right to account-giving and the inner commitment to accountability. On this basis, and relying on institutional theory, by examining the aforementioned relationships, an explanation of the mechanism of the impact of the aforementioned variables on corporate social responsibility has been attempted. At the same time, an attempt is made to expand the resource curse hypothesis by including the negative consequences of natural resource rent on corporate social responsibility.

1. Research hypothesis

Hypothesis 1: Rent revenues have a negative and significant effect on the level of corporate social responsibility.

Hypothesis 2: Rent revenues have a negative and significant effect on the level of democracy of countries.

Hypothesis 3: Tax revenues have a positive and significant effect on the level of corporate social responsibility.

Hypothesis 4: Tax revenues have a positive and significant effect on the level of democracy of countries.

Hypothesis 5: In a regression controlling for rent revenues, the level of democracy has a positive and significant effect on the corporate social responsibility.

Hypothesis 6: In a regression controlling for tax revenues, the level of democracy has a positive and significant effect on the corporate social responsibility.

2. Methods

This study was conducted using panel data from 183 countries during the period 2015 to 2023. After collecting the data, statistical analysis was performed using Stata. To identify the appropriate pattern, the Chow and Hausman tests were used. After examining the assumptions of homoscedasticity and lack of autocorrelation, using the Wiggins-poi and Wooldridge tests, the final estimation of the regression models was performed using the Feasible Generalized Least Squares (FGLS) and PCSE methods to resolve the problems in the classical regression assumptions. To examine the mediating role of the democracy variable, the Baron and Kenny (1986) model was used. Accordingly, to confirm the mediating role, three conditions are necessary: (1) the effect of the independent variable on the dependent variable is significant, (2) the effect of the independent variable on the mediator is significant, and (3) the effect of the mediator variable on the dependent variable is significant in a regression, controlling for the effect of the independent variable. Then, using the online calculation of Sobel's Z statistic, the mediating role of democracy in both relationships was re-examined and finally, the variance accounted for (VAF) statistic was used to determine the type of democracy mediation (complete or partial). If the value of this statistic is less than 0.2, the mediating role is not confirmed, between 0.2 and 0.8, the mediation is partial, and for values greater than 0.8, the mediation is complete.

3. Results

The results of statistical tests show that rents from natural resources have a negative and significant effect on both corporate social responsibility and democracy variables, and conversely, tax revenues have a positive and significant effect on corporate social responsibility and democracy. In addition, democracy, in two regressions, by separately controlling the effects of rent and tax revenues, has a positive and significant effect on the level of corporate social responsibility. Therefore, the mediating role of democracy in both relationships is confirmed by relying on the Baron and Kenny model. In addition, the Sobel test also confirms the mediating role of democracy in both relationships. The result of VAF statistic also shows that the mediating role of democracy in both relationships is partial.

4. Discussion and Conclusion

According to the results of statistical tests, the importance of economic parameters such as rent and tax revenues is highlighted. Economic and political parameters are able to influence institutions and the actions and activities of companies. This influence can be direct or indirect through the impact on institutions such as democracy. The financial dependence of governments on the people through taxes can act as a vital lever in establishing an atmosphere of accountability and responsibility. In contrast, rents, by violating this dependence and creating financial independence for governments and even beyond that, the financial dependence of the people on governments, overshadows and weakens the tax system. Therefore, the most important lever for creating pressure for accountability is removed. Therefore, it is suggested that by removing rent sources from the cycle of government consumption expenditures and storing them in development funds or investing these funds in infrastructure and long-term projects, while paying attention to intergenerational rights, the negative consequences of enjoying natural resources should be neutralized. In contrast, governments should focus on taxes to finance their consumption expenditures and continue to maintain financial dependence on the people. Considering the above discussions, an atmosphere of accountability and responsibility is achieved at the macro level and is also extended to the micro level, and this mechanism can lead to strengthening the corporate social responsibility.

Keywords: corporate social responsibility, rent revenues, tax revenues, democracy, resource curse hypothesis, institutional theory.