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CORPORATE SOCIAL RESPONSIBILITY, POLITICAL CONNECTIONS, AND TAX AVOIDANCE: EMPIRICAL EVIDENCE FROM ENERGY SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

***Introduction**: This study examines whether Corporate Social Responsibility (CSR) is related to Tax Avoidance and whether Political Connection modifies that relationship. Energy-sector companies are selected as the empirical setting because they operate at a large scale, have complex business activities, and depend heavily on natural resources. These characteristics place substantial social and environmental responsibilities on the firms and make the sector relevant to the research question.*
***Methods:** A quantitative design is applied to secondary data drawn from the 2019-2022 annual reports of energy-sector companies listed on the Indonesia Stock Exchange (IDX). The observations cover multiple firms and multiple years, producing panel data that combine cross-sectional and time-series dimensions. Purposive sampling is used within a non-probability sampling approach to determine the sample. SPSS is employed for descriptive analysis, classical assumption testing, and hypothesis testing with Moderated Regression Analysis (MRA).*
***Results**: Statistical testing finds no significant relationship between Corporate Social Responsibility and Tax Avoidance. The interaction between CSR and Political Connection is also insignificant. Political Connection, therefore, does not produce a detectable change in the CSR-Tax Avoidance relationship among the energy-sector companies examined. Overall, CSR, Political Connection, and the interaction term provide a limited explanation of Tax Avoidance among energy-sector issuers listed on the Indonesia Stock Exchange.*
***Conclusion and Suggestion**: Subsequent studies should add other financial and governance determinants to the model so that corporate tax-avoidance behavior can be explained more comprehensively.*

INTRODUCTION

Indonesia's public financing relies heavily on taxation, which occupies the largest share of the State Budget (Anggaran Pendapatan dan Belanja Negara/APBN) and is a principal source of government income. State receipts are broadly divided into tax receipts and non-tax state revenue. Within that composition, taxes provide an essential funding base for national development. The revenue collected is channeled into government programs that support public welfare, including infrastructure provision, educational improvement, and other public services. Legally, a tax is a compulsory contribution imposed by the state on an individual or legal entity under statutory authority; the payer receives no direct reciprocal benefit, and the proceeds are used as broadly as possible for the people's prosperity (UU No. 28 Tahun 2007).

Tax receipts originate from many fields of economic activity, encompassing manufacturing; trade; financial and insurance services; construction and real estate; mining; information and communication; transportation and warehousing; and a range of other service industries. Within this broad revenue base, the Indonesian energy industry is strategically important because of its substantial contribution to state income. Its activities include coal mining, petroleum and natural gas operations, and businesses involving other energy resources. Data in the Ministry of Energy and Mineral Resources (ESDM) Performance Report show energy-sector revenue of about IDR 44.93 trillion in 2019, equal to 104% of the IDR 43.20 trillion target. Revenue in 2020 was approximately IDR 34.64 trillion, corresponding to 110.3% of the target. The amount subsequently climbed to roughly IDR 75.15 trillion in 2021, or 192% of the target, and reached IDR 183.35 trillion in 2022, equivalent to 180% of the target (Ministry of Energy and Mineral Resources, 2022).

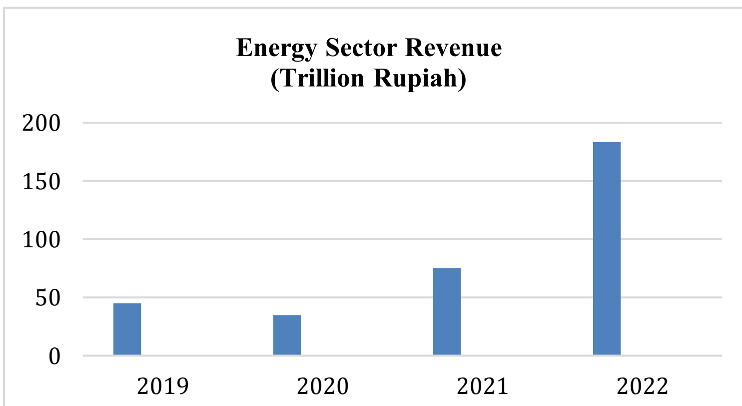

Figure 1. Energy Sector Revenue (in Trillion Indonesian Rupiah)
Source: Performance Report of the Ministry of Energy and Mineral Resources (2022)

The scale of energy businesses and the complexity of their corporate arrangements may provide numerous avenues for managing the amount of tax ultimately borne by the firm. Tax avoidance denotes a lawful form of tax-liability reduction in which a taxpayer remains formally within the boundaries of tax legislation. The approach commonly takes advantage of ambiguous wording, unregulated spaces, or other weaknesses in the applicable tax rules to produce a lower tax burden (Haztania & Lestari, 2023). In the energy industry, especially mining, PT Adaro Energy and PT Kaltim Prima Coal are among the cases often discussed in connection with tax avoidance. The tax-reduction arrangements attributed to both companies involved transfer-pricing practices (Wibowo, 2021; Sulistiyanti & Saputra, 2020). Findings reported by Abdullah et al. (2021), Budiantara M. & Utomo R. B. (2022), and Sari (2021) also point to a tendency for companies in the energy sector to undertake tax-avoidance activities.

Corporate Social Responsibility (CSR) is one of the responsibilities attached to firms whose businesses operate in the energy industry. Its importance is pronounced in mining because mining operations can generate considerable pollution and ecological pressure. CSR programs are therefore expected to address, mitigate, or respond to environmental deterioration arising from company operations (Ulfa et al., 2022). The Indonesian government has separately regulated CSR-related duties for this sector, including through Government Regulation Number 23 of 2010 concerning the Implementation of Mineral and Coal Mining Business Activities, with the 2018 amendment (PP NO. 8 TAHUN 2018). Compliance is mandatory for energy companies, as failure to meet these requirements may trigger administrative sanctions. This regulatory setting gives energy-sector CSR a different character from CSR in many other industries. In particular, CSR implementation by energy firms must be aligned with the Environmental Impact Assessment (AMDAL) that has obtained government approval for the respective company (Limbong, 2019). For companies outside the sector, AMDAL is not invariably the principal reference for CSR, and the administrative consequences of non-implementation may be less explicitly specified. Corporate decisions about tax avoidance may also be influenced by political connections. In theoretical terms, relationships formed through public officials, politicians, or shareholders with political affiliations can offer regulatory protection, preferred access to resources, and greater certainty in the external environment. Agency theory interprets these ties as relationships in which corporate and government actors pursue interests from which each side may obtain benefits. A manager who believes that a politically connected firm faces less intensive tax scrutiny or a smaller likelihood of legal consequences may consequently be more prepared to accept risky strategies, including tax avoidance. The positive relation between political connections and tax avoidance has been documented by Diah & Ferdiansyah (2019), Ajili & Khlif, (2020), and Pranyoto et al. (2020).

Manufacturing companies formed the research setting in studies by Lestari & Solikhah (2019), Sismanyudi & Firmansyah (2022), and Itjang D Gunawan (2019). CSR in manufacturing, however, is governed and practiced under conditions that do not fully mirror those of the energy industry. Government Regulation of the Republic of Indonesia Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies (PP NO 47 TAHUN 2012) makes CSR reporting obligatory. Yet an obligation accompanied by administrative sanctions that are not articulated with sufficient precision may still be disregarded by companies that fail to report the CSR activities they conduct. With respect to political ties, Diah & Ferdiansyah (2019), Ajili & Khlif, (2020), Pranyoto et al. (2020), and Rahman et al. (2021) report that politically connected firms tend to show a greater inclination toward tax avoidance because those relationships can offer regulatory shelter, preferential treatment, and a lower perceived probability of enforcement. The evidence is not uniform. Kim & Zhang (2016) and Sudibyo & Jianfu (2016) find that political connections either reduce tax avoidance or do not generate a significant effect. Their explanation emphasizes the incentive of politically affiliated firms to protect legitimacy, reputation, and continuing political relationships by avoiding excessively aggressive tax positions. These contrasting results leave the effects of CSR and political connections on tax avoidance empirically unsettled. Moreover, much of the earlier evidence comes from manufacturing firms, even though the energy sector differs in its CSR obligations, degree of regulatory monitoring, and visibility of political relationships. The present study addresses that unresolved area by testing CSR, political connections, and tax avoidance among Indonesian energy companies, where environmental duties and political influence have comparatively strong relevance.

The energy sector presents a different regulatory situation because more specialized rules specify both the CSR duties imposed on companies and the administrative sanctions attached to non-compliance. For this reason, the sample is drawn from energy companies for which CSR disclosure is mandatory. Selecting firms under a compulsory disclosure regime is expected to provide CSR information that is more complete and sufficiently adequate for the empirical analysis.

LITERATURE REVIEW

Legitimacy Theory

As formulated by Dowling & Pfeffer (1975), organizational continuity depends on whether a company can keep its activities within the boundaries of social norms, shared values, and expectations recognized by the community. The theory rests on a social-contract logic: society permits an organization to continue operating while expecting responsible economic, social, and environmental conduct in return. Corporate legitimacy is therefore maintained through observance of relevant rules and visible accountability to stakeholders.

In this study, Legitimacy Theory provides a way to interpret the communication of Environmental, Social, and Governance (ESG) information as an effort to retain public confidence and show that corporate conduct is responsible. A highly aggressive approach to tax avoidance may work in the opposite direction when the public regards it as inconsistent with the social obligations of the firm. Political affiliation can further intensify public attention, so politically connected companies may face stronger demands for transparent governance and regulatory compliance.

Viewed from that perspective, Legitimacy Theory supplies the conceptual basis for connecting ESG disclosure, political connections, and tax avoidance. The framework is particularly relevant for energy companies because the environmental, social, and regulatory pressures surrounding their activities are generally more intensive than those faced in many other industries.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) expresses a company's commitment to dealing with the social and environmental effects created by its business activities. The issue carries particular weight in the energy industry, especially for mining firms, because business operations depend on natural-resource use and may influence both nearby communities and the environmental conditions around operating areas (Anggraeni & Dewi, 2022).

Tax Avoidance

Tax avoidance refers to a deliberately arranged yet lawful effort to lower the tax burden of a company by making use of provisions, gaps, or weaknesses found in tax regulations. The practice is conceptually different from tax evasion because the reduction in tax liability is pursued without an explicit violation of tax law (Haztania & Lestari, 2023)

Satiti et al. (2021) notes that companies often regard tax payments and CSR implementation as two sizeable financial burdens. When attempting to control the combined weight of these obligations, management may respond by increasing tax aggressiveness through tax-avoidance arrangements. Because such conduct can be difficult to reconcile with social expectations, a firm may seek to offset unfavorable perceptions by intensifying social-responsibility activities in the community. CSR can, in that context, support public acceptance, reinforce legitimacy, and create corporate value in the eyes of relevant social groups. Accordingly, CSR may continue to generate reputational and legitimacy benefits even for a company that is simultaneously involved in tax avoidance.

The reasoning of Lanis & Richardson (2013) similarly suggests that a company identified with tax avoidance may seek legitimacy by increasing the extent of its CSR disclosure. Under such circumstances, management has an incentive to direct a larger portion of corporate expenditure to CSR while also attempting to reduce tax obligations. Minister of Finance Regulation Number 76/PMK.03/2011 recognizes certain CSR expenditures as deductible costs for companies that are legally required to undertake CSR. Firms must therefore deal with both CSR disclosure duties and tax-compliance obligations. Once qualifying CSR expenditure is permitted as a fiscal deduction in the tax report, the composition of company spending can influence the amount of tax borne. In practical terms, part of the financial outflow that might otherwise appear as a tax payment may be shifted toward CSR activities chosen by the company (Vincent & Sari, 2020).

Recent CSR studies frequently construct their measures from sustainability-report disclosures that follow the Global Reporting Initiative Version 4 (GRI G4). A GRI-based disclosure index is useful for capturing how much or how broadly a firm reports CSR information, but it does not necessarily reveal the actual financial resources spent on CSR programs. To address this distinction, the present research applies a cost-based proxy in which CSR expenditure is compared with net income. The measure is considered appropriate because it indicates the proportion of earnings devoted to CSR activities and the required figures can be traced in the company's annual financial statements (Anggraeni & Dewi, 2022).

Political Connections

Corporate tax avoidance can also be considered through the lens of political relationships. A company is treated as politically connected when its shareholders or individuals occupying internal governance positions include public officials or persons affiliated with a political party. These ties may arise because politicians or government representatives and corporations build relationships that offer benefits to both sides. Such a view is consistent with agency theory, which recognizes that government or political actors and companies each pursue their own interests. For government actors, ties with several major companies may strengthen political or institutional influence (Irawan

& Utama, 2021). For the company, the same relationships can function as protection and can reduce uncertainty originating in the external business environment.

Indonesia's energy and mining industries have been associated with several prominent political figures. One example is Luhut Binsar Pandjaitan, who formerly served as Coordinating Minister for Political, Legal, and Security Affairs and later as Coordinating Minister for Maritime Affairs and Investment; he has been linked with the coal business PT Toba Sejahtera Group Tbk. Sandiaga Salahudin Uno has likewise been reported as having ownership interests in mining-related companies, including PT Adaro Energy Tbk, Saratoga Investama Sedaya Tbk, and Medco Power Indonesia Tbk (Sari, 2021). The same discussion also mentions Aburizal Bakrie in connection with PT Bumi Resources, Prabowo Subianto with PT Nusantara Energy, and Erick Thohir, Indonesia's Minister of State-Owned Enterprises, with PT Mining Industry Indonesia (Greenpeace, Watch, & Auriga, 2018).

Access to influential political decision-makers can create a perception of protection and can increase managerial confidence when strategic choices are made. In turn, management may become more willing to assume substantial risk, including the risk attached to tax-avoidance strategies. Political connections may also reduce the perceived probability of strict action by tax authorities, leaving wider space for aggressive tax planning. Positive empirical links between political connections and tax avoidance are reported by Diah & Ferdiansyah (2019), Ajili & Khlif (2020), and Pranyoto, Badri, & Putri (2020). Taken together, those findings imply that stronger political affiliations are commonly accompanied by a greater tendency to pursue higher levels of tax avoidance.

The foregoing theoretical reasoning and empirical evidence lead to the following research hypotheses:

H1: Corporate Social Responsibility positively influences Tax Avoidance.

H2: Political Connections intensify the influence of CSR on Tax Avoidance.

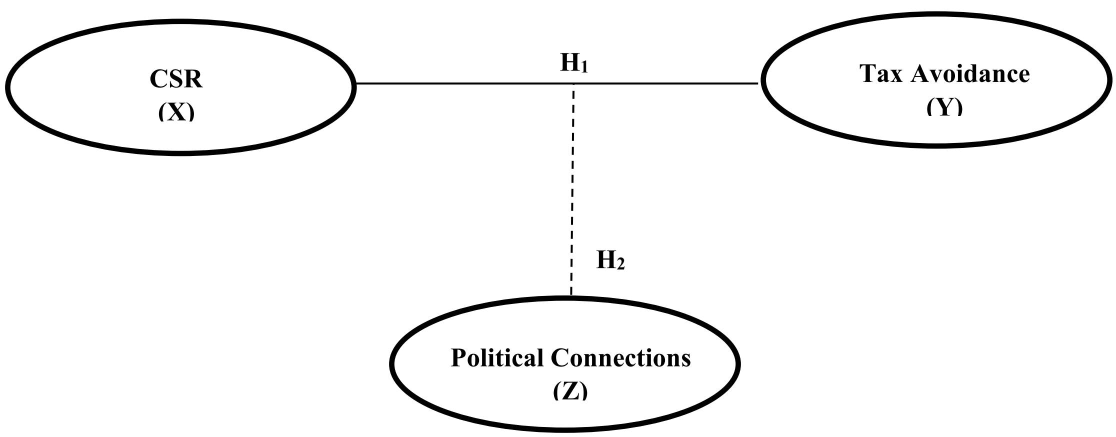

Figure 2. Research Conseptual Model

Source: Data processed by the researcher (2026)

RESEARCH METHODS

The empirical dataset consists of panel observations taken from annual reports published by energy-sector firms on the Indonesia Stock Exchange throughout 2019-2022. Each observation contains a firm dimension and a time dimension, so differences between companies can be considered together with changes occurring across years. Purposive sampling was applied to establish the final sample, using predetermined research requirements and the availability of complete data as the selection basis.

Table 1
Indicators for Measuring Research Variables

Variable	Measurement	Source
Corporate Social Responsibility (CSR)	$CSR = \frac{CSR\ Cost}{Net\ Income}\ x\ 100\%$	Anggriani & Dewi, 2022
Political Connections	Political connections are operationalized through a binary dummy measure. A company is coded 1 when one or more members of its board of commissioners or board of directors have an affiliation with a political party or a government institution. When neither the commissioners nor the directors satisfy this political-connection criterion, the company is coded 0.	Indarto & Widarjo, 2021
Tax Avoidance	$ETR = \frac{Income\ Tax\ Expense}{Profit\ Before\ tax}$	Lanis & Richardson, 2013

Source: Data processed by the researcher (2026)

All statistical processing was performed with SPSS. The analytical sequence began by using descriptive statistics to characterize the research variables. Regression diagnostics were then carried out before the hypotheses were examined so that the assumptions required by the model could be evaluated. The diagnostic stage covered tests for normality, multicollinearity, heteroscedasticity, and autocorrelation. After those checks, Moderated Regression Analysis (MRA) was applied to assess the proposed hypotheses, including the direct relationship and the interaction-based moderating mechanism specified in the research framework.

RESULT AND ANALYSIS

Descriptive Statistics

The first analytical stage summarizes how Tax Avoidance, Political Connection, and CSR are distributed and describes the principal characteristics of the three variables. Table 2 contains the descriptive statistics produced from this stage.

Table 2 Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Tax Avoidance (ETR)	428	-12.00	8.00	0.10	0.92
Political Connection	428	0.00	1.00	0.29	0.46
Corporate Social Responsibility	428	-2.00	4.00	0.01	0.21

Source: Processed secondary data (2026)

The dataset summarized in Table 2 contains 428 firm-year records for energy companies listed on the Indonesia Stock Exchange. Effective Tax Rate (ETR) is used to represent Tax Avoidance, and its observations extend from -12.00 at the minimum to 8.00 at the maximum. The mean equals 0.10 and the standard deviation is 0.92. A standard deviation that is large in relation to the mean signals a wide spread of values across the dataset. The figures therefore show that the sampled companies do not exhibit a uniform pattern of tax-avoidance behavior. Such dispersion can reflect differences in company-level tax-management policies as well as differences in the intensity with which individual firms undertake tax-planning activities.

Because Political Connection is operationalized as a binary measure, every observation is coded either 0 or 1. Its mean of 0.29 implies that approximately 29% of the firm-year observations relate to politically connected companies, whereas the other 71% represent firms for which no identifiable political affiliation is observed. On the basis of this distribution, direct political connections are absent from the majority of companies included in the sample.

The CSR observations range from -2.00 to 4.00, with a mean of 0.01 and a standard deviation of 0.213. The small mean points to a generally modest level of CSR engagement in the sample. Nevertheless, the dispersion of CSR values shows that individual firms differ in how extensively they undertake and disclose social and environmental activities. When the three descriptive profiles are read together, the sample displays clear heterogeneity in CSR practices, political affiliation, and tax-avoidance behavior. This variation between firms creates a sufficient empirical spread for the regression analysis conducted in the next stage.

Classical Assumption Test

Regression-based hypothesis testing was preceded by a set of diagnostic checks intended to determine whether the proposed specification met the basic assumptions of OLS estimation. These checks were used to support the dependability and robustness of the empirical inferences. Specifically, the diagnostic process examined residual normality, the possibility of multicollinearity among explanatory variables, and the presence or absence of heteroscedasticity. The outcomes of the respective tests are reported in the sections below.

Table 3. Normality Test Results

Description	Value
Number of Observations (N)	428
Test Statistic	0.422
Asymp. Sig. (2-tailed)	0.064
Significance Level	0.05
Conclusion	Normally Distributed

Source: Processed secondary data (2026)

The Kolmogorov-Smirnov output reported in Table 3 gives an asymptotic significance value of 0.064. Since 0.064 is greater than the 0.05 criterion used in the study, the distribution of the regression residuals is treated as normal. The normality condition is therefore regarded as fulfilled. Following this result, the diagnostic procedure moves to multicollinearity testing in order to determine whether the explanatory variables are sufficiently independent from one another.

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF	Conclusion
Political Connection	1.000	1.000	No Multicollinearity
Corporate Social Responsibility	1.000	1.000	No Multicollinearity

Source: Processed secondary data (2026)

For each of the two predictors, Table 4 reports a tolerance statistic of 1.000 and a VIF statistic of 1.000. The values for Political Connection and CSR remain inside the commonly accepted diagnostic boundaries and do not signal an unduly high correlation between the explanatory variables. On that basis, multicollinearity is not considered a difficulty for the estimated regression model. Diagnostic testing is then continued with heteroscedasticity analysis to check whether residual variance is stable throughout the observations.

Table 5. Heteroscedasticity Test Results

Variable	Sig.	Conclusion
Political Connection	1	No Heteroscedasticity
Corporate Social Responsibility	1	No Heteroscedasticity

Source: Processed secondary data (2026)

The significance probabilities shown in Table 5 for Political Connection and CSR are substantially above 0.05. No heteroscedasticity signal is therefore detected, which means that the variation of the residuals may be regarded as reasonably constant across observations. Considered jointly with the normality and multicollinearity results, this diagnostic evidence indicates that the regression specification is adequate to proceed to the empirical hypothesis tests.

Moderated Regression Analysis Results

After completion of the diagnostic stage, the research hypotheses were assessed with Moderated Regression Analysis (MRA). The method is appropriate here because a single analytical specification can estimate direct relationships and an interaction effect. In particular, the model examines Political Connection in relation to Tax Avoidance and evaluates whether Political Connection modifies the linkage between Corporate Social Responsibility and Tax Avoidance. The coefficient estimates generated by the analysis are provided in Table 6.

Table 6. Moderated Regression Analysis Results

Variable	Coefficient (B)	t-value	Sig.
Constant	0.043	0.805	0.421
Corporate Social Responsibility (CSR)	0.118	0.552	0.581
Political Connection (PC)	0.177	1.808	0.071
CSR × Political Connection	0.576	0.622	0.535
F-statistic= 1.474			
Sig. F= 0.221			
R^2=0.01			
Adjusted R^2=0.003			

Significance level α = 0.05

Source: Processed secondary data (2026)

Using the regression coefficients reported in Table 6, the estimated empirical expression can be stated as follows:

$$TA=0.043+0.118CSR+0.177PC+0.576(CSR\times PC) +e$$

In this equation, Tax Avoidance occupies the position of dependent variable. CSR, Political Connection, and the interaction between CSR and Political Connection enter the model as explanatory terms. The constant is 0.043, which denotes the predicted value of Tax Avoidance when the independent and moderating components do not vary. The intercept consequently represents a baseline level of tax avoidance attributable to influences outside the explanatory factors explicitly entered in the regression specification.

The estimated coefficient for CSR is positive, with $\beta = 0.118$. Its direction indicates that a rise in CSR engagement is accompanied, in the estimated model, by a higher level of Tax Avoidance. Statistical support for that direction is absent because the p-value is 0.581. Since the probability exceeds 0.05, the sample does not provide adequate evidence that CSR exerts a meaningful direct influence on Tax Avoidance among the observed energy-sector companies.

Political Connection has an estimated coefficient of 0.177, so the coefficient direction is positive. With the remaining model terms held constant, stronger political ties are associated directionally with a higher estimated level of tax avoidance. The probability value of 0.071, however, is above the 0.05 decision criterion. The coefficient is consequently not statistically significant, and the evidence from the sample is insufficient to establish a significant effect of Political Connection on tax avoidance.

The interaction term for Corporate Social Responsibility and Political Connection (CSR × PC) is estimated at 0.576 and carries a positive sign. Directionally, the coefficient implies that the presence of political connections could increase the strength of the CSR-tax avoidance linkage. The interaction probability is 0.535, which remains beyond the 0.05 significance boundary. Because the interaction is not statistically supported, Political Connection cannot be established as a variable that moderates the relationship between CSR and tax avoidance.

Simultaneous Test (F-Test)

Joint model significance was evaluated with the F-test for Corporate Social Responsibility (CSR), Political Connection, and their interaction term. Table 6 reports an F-statistic of 1.474 accompanied by a probability of 0.221. A probability of 0.221 is higher than the 5% criterion, so the explanatory variables do not show sufficient statistical evidence of a collective effect on Tax Avoidance. The lack of a significant joint result implies that variation in corporate tax-avoidance behavior is more plausibly linked to determinants that are not represented in the current regression model.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) was used to assess how much of the variation in Tax Avoidance is accounted for by the estimated regression model. An R^2 of 0.010 means that CSR, Political Connection, and the interaction term together capture only a very small portion of the observed variation. Expressed differently, about 99% of the variation in Tax Avoidance remains associated with determinants outside the variables included in this model. The Adjusted R^2 of 0.003 provides further evidence that the equation has limited predictive capability after adjustment. Taken together, these statistics show that the selected explanatory variables make only a marginal contribution to explaining tax-avoidance practices among energy-sector companies listed on the Indonesia Stock Exchange.

Discussion

For energy-sector companies listed on the Indonesia Stock Exchange, the empirical testing does not identify Corporate Social Responsibility as a statistically significant determinant of Tax Avoidance. The CSR coefficient is positive, but the corresponding probability is 0.581, a value above the 0.05 decision level. The observed differences in CSR engagement across sample firms therefore cannot be statistically used to account for differences in their tax-avoidance behavior.

One interpretation of this finding is that CSR in energy companies is oriented more toward preserving legitimacy, handling stakeholder relations, and maintaining corporate reputation than toward influencing managerial decisions on tax planning. Decisions about CSR and decisions about tax avoidance may therefore be taken through separate managerial considerations. The finding is in line with Sariroh et al., (2020) and Syahputri, (2025), which likewise do not identify a significant relationship between CSR and tax avoidance. A contrasting conclusion is offered by Andriyani & Carolina, (2023), who reports that greater CSR involvement can restrain tax avoidance because socially responsible firms tend to demonstrate stronger transparency, accountability, and adherence to regulatory requirements.

The moderation test likewise fails to establish Political Connection as a factor that changes the CSR-Tax Avoidance relationship. Although the interaction coefficient carries a positive sign, its probability of 0.535 is greater than 0.05. Statistically, political affiliation cannot therefore be said to intensify or diminish the effect of CSR on corporate tax-avoidance behavior, and the moderation hypothesis proposed in this study is not supported. This outcome is not consistent with Rashid et al., (2024) and Abu-Nassar et al., (2025), whose evidence suggests that political connections can reduce the ability of CSR to suppress tax avoidance.

The explanatory performance of the complete model is also weak. A probability of 0.221 for the F-test means that CSR, Political Connection, and their interaction do not collectively account for Tax Avoidance at the selected significance level. In addition, the R^2 of 0.010 shows that the variables in the model explain only 1.0% of the observed variation in Tax Avoidance, leaving 99.0% to influences beyond the present research specification. Future models may obtain broader explanatory coverage by considering profitability, leverage, company size, capital intensity, institutional ownership, and corporate governance mechanisms. Incorporating these determinants may yield a more complete explanation of corporate tax-avoidance practices (Suhartono & Ekadjaja, 2024; Sianturi et al., 2025; Maulana et al., 2025).

CONCLUSION

The study tested whether Corporate Social Responsibility is associated with corporate tax-avoidance behavior and whether Political Connection changes that association among energy companies listed on the Indonesia Stock Exchange. The statistical evidence does not support a significant effect of CSR on Tax Avoidance. Political Connection is also not confirmed as a moderating factor; in other words, political affiliations do not produce a statistically meaningful alteration in the observed linkage between CSR and corporate tax avoidance.

The evidence therefore does not position Political Connection as a meaningful moderator of the CSR-Tax Avoidance association in Indonesia's energy industry. Variation in corporate tax-avoidance practices is more likely to reflect determinants other than CSR engagement and political affiliation. The explanatory capacity of later research may be strengthened by introducing profitability, leverage, firm size, capital intensity, institutional ownership, and corporate governance mechanisms. Extending the observation period and using a sample that spans several industries may additionally improve result robustness and allow the conclusions to be generalized across a wider setting.

For policymakers and corporate practitioners, the evidence suggests that stronger governance quality and more effective compliance arrangements may deserve greater attention in efforts to address corporate tax avoidance than a focus limited to CSR activities or political relationships. The research seeks to add to the literature by supplying empirical evidence on ESG disclosure, leverage, political connections, and tax avoidance within Indonesia's energy industry. The results are also intended to inform regulators, investors, and company management when developing strategies that support stronger tax compliance and sustainable corporate governance. Later studies can test the relationships among ESG disclosure, leverage, political connections, and tax avoidance in other industrial and institutional contexts. They may also introduce further firm-specific and corporate-governance variables and extend the observation horizon so that the resulting findings achieve greater robustness and broader generalizability.

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