Analysis of the Difference of Diagnostic and Declared tax with the Environment Aspect of Social Responsibility

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Abstract

According to importance of tax on government income and its role in development of country, the main issue of this research is what the impact of diagnostic and declared tax on social responsibility of companies is. For this purpose, 105 stock companies selected as statistical sample and standard questionnaire designed and gave to them. Data collection tools (questionnaires) evaluated in terms of validity and reliability. Hypothesis testing conducted on a sample using T-Test. This research in terms of research is descriptive and in terms of conducting is surveyed.

The necessary information for writing the theoretical framework, literature, and history of research used resources including articles, references, questionnaires, and interviews. The results of the test showed that there is a significant negative relationship between difference of diagnostic and declared tax with the 5-environment aspects of social responsibility including working conditions, the company governance, the conduct of business, the community, society and the environment aspects. As a result, every five-research hypotheses confirmed.

Key words

Diagnostic tax, Exchange, Environment, Social responsibility
Social responsibility of companies is clear and transparent business procedures and the methods based on ethical values and respect for employees, society and the environment. Today's functions such as planning and control of organization are not only manager's duties but also meet the specific needs of the community and citizens and domestic and foreign customers of organizations and is their important functions. (Bagherpoo et al, 2011).

In many cases, legislation with heavy penalties for non-compliance of social responsibility caused that the companies do these responsibilities (Adams, 2002). Social responsibility is commitment of decision makers to carry out actions that provides improvements of social welfare in addition to providing their own interests. Organizations need to allocate financial resources to improve the social welfare. Such actions include helping to culture and cultural institutions and improve the quality of life (Khalili Araghi, Yaghinloo, 2005). In fact, social responsibility as one business destination is economic and legal obligations that carry out functions in ways that are benefit for society (Irannejad et al. 2010). In general, organizations and companies in European countries and Australia disclose information of environment, energy, customers, waste and air pollution (Nikoomaram, 2010) while companies in Asia further disclose information relating to their employees and human resources(Ratanajongkol et al, 2006). With increasing environmental awareness and increase the expectations of companies, there is a potential legal and economic risks that capital markets respond to them (Jahroomi, 2012). The company is committed to its social responsibilities; involved on a costly voluntary basis in order to reduce the negative impact of its activities on society. The company will reveal reality of itself (control activities and prevent environmental impacts) in commodity and capital markets only with this purpose that distinguishes itself from other similar companies and thus increase its market value (Molayi Motlagh,2008). So social responsibilities not only reduces the risks (i.e. lawsuits) of companies but also attract more investors and ultimately increase its value (Smith, 1979). Tax revenues is one important varieties of yearly budget and tax is one of the tools of financial policy for governments. (Kamijani and Yahyaei, 2001). In relation to importance of tax in the view of political, historical, and social aspects is enough to say that, the emergence of fundamental rights and constitutional government in England and America and one of the most important factors for French revolution is tax.

In history of Iran, tax officers always treated with brutality and intensity and it can attribute to Seljuk and Mongol periods (Mehranpoor, 2007). For design of the tax system, we should have regular and systematic vision and noted that the reform of this system should be carefully coordinated with other decisions for structural adjustment (Abedi, 2006). Work force, equipment, tools and work equipment, financial resources and technology, location, and information systems are major components of system resources in tax system. (Arabsalehi, 2006).
The purpose of governments for tax are provide costs of the public sector especially government current spending, adjust income and wealth distribution in society and improving economic indicators such as inflation, unemployment, the rate of investment. Also tackle some devastating economic phenomena such as recession or inflation, control of imports and exports and in general provide needs of society (Sarmad et al. 1996).

Method of Research

This research is descriptive – survey type. Since this study examines current conditions is descriptive and because check the views and preferences of individuals through a questionnaire is survey research. In this study, social responsibility is dependent variable. Statistical society is all companies listed on Tehran Stock Exchange and financial managers of all industries during the period of 2008 to 2013. In this research, we will use a survey method to collect the data.

Statistical and Explanations Analysis

Correlation between difference of diagnostic and declared tax with the environment aspect of social responsibility

H₀: There is no relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility.

H₁: There is relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility.

To test the second hypothesis, Pearson correlation method used for the difference of diagnostic and declared tax with the environment aspect of social responsibility.

Table (4-7). Pearson correlation table for the difference of diagnostic and declared tax with the environment aspect of social responsibility.

<table>
<thead>
<tr>
<th>Variable(1)</th>
<th>Variable(2)</th>
<th>Pearson correlation coefficient</th>
<th>level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference of diagnostic and declared tax</td>
<td>Environment aspect of social responsibility</td>
<td>-0.553</td>
<td>0.000</td>
</tr>
</tbody>
</table>

As seen in Table (4-7) Pearson correlation coefficient between difference of diagnostic and declared tax with the environment aspect of social responsibility is equal to -55% and is significance at the level of 0.01 (P<0.01). According to the results, there is relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility.

Summary of Model

WEB : www.bpupraxis.org
Publisher: VERLAG NEUE WIRTSCHAFTS-BRIEFE, ESCHSTR 22, HERNE, GERMANY, 44629
Table (4-8) shows the test statistic of Durbin-Watson is in the range between 1/5 and 2/5. Therefore, assumption of independence of error variables complain.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>The estimated standard error</th>
<th>Test statistic of Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>0/553</td>
<td>0/306</td>
<td>0/303</td>
<td>0/6833</td>
<td>2/16</td>
</tr>
</tbody>
</table>

The value of R in the table is 0/553 that shows the explanatory power of the regression model. Also in above table, value of adjusted R is 0/30 so we can say that the model chosen 30 percent of the variance of criterion variable into account. Therefore, the selected model has high explanatory power. Check the level of significance of model and significant linear relationship between predictor variables and the criterion

Table (4-9). Analysis of variance (ANOVA) to determine the significance of the model

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>Degree of freedom</th>
<th>Average of squares</th>
<th>F</th>
<th>level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>regression</td>
<td>1</td>
<td>51.103</td>
<td>109.446</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>residue</td>
<td>104</td>
<td>0.467</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>105</td>
<td>166.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Value of F is 109.446 which indicates that the model is significant at level 0/01(P <0/01). Also table show the significant linear relationship between predictor variables and the criterion.

The second hypothesis regression analysis

H₀: There is no relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility.

H₁: There is relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility.

Table (4-10). The research second hypothesis regression analysis
Table (4-10) show that standardized coefficient of difference of diagnostic and declared tax is equal to -0/553 and is significant at level 0/01 (P<0/01). According to the results, there is relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility.

### Conclusion

Necessary data for this study extracted with library method in the theoretical part and in experimental part from audited financial bills of the companies listed in Tehran Stock Exchange. The data provided from websites containing data of Stock Exchange, Iran financial data processing, Tehran Stock Exchange official web site and using Tadbirpardaz and Rahavard Novin software. To test the hypothesis, we used analysis of variance (ANOVA) and thus significance level is above the 5% for this test. Significance level to accept or reject the hypothesis is 5%. According to results, there is a significant negative relationship between difference of diagnostic and declared tax as independent variable as well as the level of its significance and the results of the test variables and the environment aspect of social responsibility. Therefore, increase in the difference of diagnostic and declared tax causes reduction the environment aspect of social responsibility of companies. The results of research correspond Reuven and Avi research (2014).

According to the second hypothesis about significant relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility, those investors who are considering the environment aspect of social responsibility and in order to maximize their profitability invest in companies that have lower difference of diagnostic and declared tax.

### Recommendations for Future Research

According to importance of the quality of accounting information particularly earnings, it seems that further studies and taking into account other aspects help clarification of this issue. Recommendations are as following:

<table>
<thead>
<tr>
<th>Not standardized coefficient</th>
<th>coefficient</th>
<th>significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed effect</td>
<td>1/973</td>
<td>0/178</td>
</tr>
<tr>
<td>difference of diagnostic and declared tax</td>
<td>-0/525</td>
<td>0/05</td>
</tr>
</tbody>
</table>
1- Study the relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility in various industries listed in Tehran Stock Exchange.

2- Study the relationship between difference of diagnostic and declared tax with the environment aspect of social responsibility in companies listed in Tehran Stock Exchange in a shorter period.

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References


