

Board Gender Diversity and Corporate Tax Avoidance: Examining the Moderating Effect of CSR

Inas Latifahiansyah¹, Ayu Noorida Soerono^{1*}, Iis Ismawati¹

^{1*} Fakultas Ekonomi dan Bisnis, Universitas Sultan Ageng Tirtayasa, Indonesia

Corresponding Author: ayu_soerono@untirta.ac.id^{1*}

Keywords: Female Board of Directors, Corporate Tax Avoidance, Corporate Social Responsibility

Abstract: This study examines the effect of female board directors on corporate tax avoidance, with Corporate Social Responsibility (CSR) as a moderating variable. The study uses a quantitative method with secondary data from the annual reports of 30 manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022, yielding 150 observations. The data are analyzed using multiple regression and moderated regression analysis (MRA). The results indicate that board gender diversity has a significant negative effect on corporate tax avoidance, suggesting that female directors restrain tax avoidance practices. However, CSR does not moderate this relationship. This research provides originality by integrating transformational leadership theory with agency theory to explain the direct role of female directors in a developing country context. The findings imply that policymakers and corporations can benefit from promoting gender diversity on boards as a mechanism to enhance tax compliance, while also recognizing that CSR disclosure alone may not be sufficient to influence the ethical decision-making dynamics related to taxation.

Introduction

Indonesia's primary source of state revenue is taxation. However, the country faces a persistent fiscal challenge, with a tax ratio of 10.1% in 2022, significantly below the Asia-Pacific average of 19.1% (OECD, 2022). This low ratio is partly due to widespread corporate tax avoidance, which erodes the tax base and hinders national development (Ministry of Finance, 2019). Therefore, identifying factors that can mitigate corporate tax avoidance is a critical research and practical issue.

One potential influencing factor is board gender diversity. Driven by global and national commitments to gender equality, including Indonesia's constitutional guarantee of equal rights and the UN's Sustainable Development Goal 5, the presence of women in corporate leadership has increased. From a theoretical perspective, women are often associated with transformational leadership and higher ethical standards, which could lead to more

conservative and compliant corporate policies, including taxation (Fahlevi et al., 2023; Jarboui et al., 2020). However, empirical evidence on this relationship remains inconclusive. Studies in Indonesia have yielded conflicting results: some found a positive association between female directors and tax avoidance (Winasis & Yuyetta, 2017; Susy et al., 2020), while others found a negative association (Utomo et al., 2021).

This inconsistency highlights a significant research gap. First, the mixed findings suggest that the relationship is not straightforward and may be influenced by contextual factors. Second, while Corporate Social Responsibility (CSR) is a key aspect of corporate ethics and governance, its role as a moderating variable in the relationship between female directors and tax avoidance has been underexplored, particularly in the Indonesian context. CSR could strengthen the ethical influence of female directors. Still, it might also be a symbolic gesture with little substantive impact, especially in a regulatory environment where CSR disclosure is mandated but board gender diversity is not.

This study aims to fill this gap by investigating the direct effect of female board directors on corporate tax avoidance and examining the moderating role of CSR. By doing so, this research offers both scientific and practical contributions. Scientifically, it contributes to the literature on corporate governance and business ethics by testing an integrated model that combines board gender diversity and CSR within the frameworks of Agency and Transformational Leadership theories. Practically, these findings provide valuable insights for regulators considering gender diversity policies for corporate boards and help companies align their governance mechanisms to promote both social responsibility and fiscal compliance.

Research Method

This research employs a quantitative approach using secondary data from annual reports. The dependent variable is Corporate Tax Avoidance, measured by the Effective Tax Rate (ETR), calculated as total tax expense divided by pre-tax income. The independent variable is the Female Board of Directors, measured by Board Gender Diversity (BGD), calculated as the number of female directors divided by the total number of directors. The moderating variable is Corporate Social Responsibility, proxied by the CSR Index based on the GRI Standards 2021 guidelines. Control variables include Return on Assets (ROA), which measures profitability, and Leverage (LEV), which measures debt levels.

The population of this study is manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The sampling technique was purposive sampling with the following criteria:

1. Companies that published complete annual reports for the period 2018-2022.
2. Companies with complete consecutive data required for the research variables.
3. Companies with positive pre-tax income.

The final sample consisted of 30 companies observed over 5 years, yielding 150 data points.

Data analysis methods include Multiple Regression Analysis and Moderated Regression Analysis (MRA). The hypothesis testing models are as follows:

$$ETR_{it} = \beta_0 + \beta_1 BGD_{it} + \beta_2 ROA + \beta_3 LEV + \epsilon \quad (i)$$

$$ETR_{it} = \beta_0 + \beta_1 BGD_{it} + \beta_2 CSR_{it} + \beta_3 BGD*CSR + \beta_4 ROA + \beta_5 LEV + \epsilon \quad (ii)$$

Where:

ETR = Effective Tax Rate (proxy for Tax Avoidance)

BGD = Board Gender Diversity

CSR = Corporate Social Responsibility Index

ROA = Return on Assets

LEV = Leverage

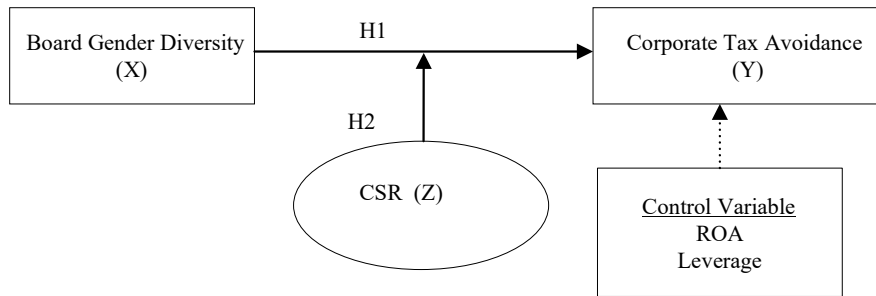


Figure 1. Conceptual Framework

Result and Discussion

Descriptive Statistics

The descriptive statistical analysis provides an overview of each variable based on 150 observations.

Table 1. Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Deviation
BGD	150	0.10	0.75	0.308	0.142
ETR	150	-0.37	2.20	0.301	0.276
CSR	150	0.17	0.71	0.424	0.120
ROA	150	0.001	0.62	0.112	0.103
LEV	150	0.07	3.58	0.696	0.605

Source: SPSS v25 Output (2025)

The mean BGD value of 0.308 indicates that, on average, 30.8% of board positions are held by women. The mean ETR is 0.301. Since ETR is inversely related to tax avoidance, a 30.1% average ETR suggests significant tax avoidance among the sample. The mean CSR disclosure level is 42.4%.

Hypothesis Testing

The results of the multiple regression analysis (Model 1) are presented in Table 2.

Table 2. Multiple Regression Results (Model 1)

Model	Coefficients				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1 (Constant)	-1,809	0,100			-18,054	0,000
BGD	0,168	0,058	0,186	2,895	0,004	
ROA	-0,261	0,026	-0,654	-10,183	0,000	
LEV	-0,040	0,035	-0,072	-1,126	0,262	

a. Dependent Variable: Penghindaran Pajak (ETR)

Source: SPSS v25 Output (2025)

The regression equation is: $ETR = -1.809 + 0.168 BGD - 0.261 ROA - 0.040 LEV$. The coefficient for BGD is 0.168 and is significant ($t=2.895$, $sig.=0.004$). This indicates a positive and significant effect of BGD on ETR. Since ETR is inversely related to tax avoidance, a positive effect on ETR translates to a negative effect on tax avoidance. Therefore, H1 is accepted: The Female Board of Directors has a negative effect on Corporate Tax Avoidance.

The results of the Moderated Regression Analysis (MRA) for Model 2 are shown in Table 3. The interaction term (BGD*CSR) has a coefficient of 0.246 but is not statistically significant ($t=1.289$, $sig.=0.199$). This means that CSR does not significantly moderate the relationship between the female board of directors and corporate tax avoidance. Therefore, H2 is rejected: Corporate Social Responsibility does not moderate the effect of the Female Board of Directors on Corporate Tax Avoidance.

Table 3. Moderated Regression Analysis (MRA) Results (Model 2)

Model	Coefficients ^a					
	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-1,553	,235			-6,619	,000
BGD	,377	,172	,417	2,200		,029
ROA	-,260	,026	-,652	-10,091		,000
LEV	-,045	,039	-,081	-1,156		,250
CSR	,296	,243	,200	1,221		,224
BGD*CSR	,246	,191	,280	1,289		,199

a. Dependent Variable: Tax Avoidance (ETR)

Source: SPSS v25 Output (2025)

Discussion

The finding that female directors negatively affect tax avoidance supports Agency Theory. Female directors can enhance board independence and reduce agency costs by providing broader perspectives (Hillman & Dalziel, 2003, in Jarboui et al., 2020) and serve as a mechanism to monitor and manage board activities (Riguen et al., 2019). This result is also consistent with Transformational Leadership Theory. Women are often perceived as more transformational leaders, raising awareness of the company's vision and mission, enhancing members' moral and professional development, and encouraging adaptability and change (Rogelberg, 2007, in Fahlevi, 2023). This leadership style likely leads to more ethical and compliant corporate behavior, including tax practices. This finding aligns with previous studies by Jarboui et al. (2020), Hoseini et al. (2019), and Khaola & Moez (2019).

Several factors can explain why CSR does not moderate the relationship. First, while CSR disclosure is a form of good corporate governance (Mughtar, 2010), and board diversity is a governance mechanism (Isnailita, 2023), Indonesia has not established a mandatory quota for women on boards. Consequently, a high CSR score does not necessarily reflect governance quality driven by gender diversity, as companies may disclose CSR merely to comply with existing regulations (e.g., POJK No. 51/2017) rather than as a genuine reflection of underlying governance values. Second, regulatory changes during the research period, such as the enactment of the Tax Harmonization Law (UU HPP), which reduced the corporate income tax rate, affected ETR calculations. The inconsistency in measurement contexts for ETR and CSR over time may have obscured any potential moderating effect.

Conclusion

This study concludes that a higher proportion of female directors on the board reduces corporate tax avoidance. This is likely due to the supervisory role and transformational leadership attributes associated with female directors, which promote ethical decision-making and compliance. However, corporate social responsibility, as measured in this study, does not strengthen or weaken this relationship. The level of CSR disclosure may not be a genuine indicator of governance quality related to gender diversity, but rather a response to regulatory mandates.

The limitations of this study include focusing only on profitable companies, failing to investigate the direct motivations of female directors, and being confined to the manufacturing sector. Future research should include loss-making firms, employ qualitative methods such as interviews to gain deeper insights into board dynamics, and expand the scope to other industrial sectors.

References

- Ardiyanto, M. Didik., & Mala, Nisrina Nuril. (2021). Pengaruh Diversitas Gender Dewan Direksi Dan Ukuran Dewan Direksi Terhadap Penghindaran Pajak (Studi Empiris Pada Perusahaan Perbankan Yang Terdaftar Di Bei Tahun 2014-2018). *Journal of Accounting*, Vol. 10 (1): 1-11.
- CNN Indonesia. (2019). *Nike Diduga Menghindari Bayar Pajak Keuntungan Eropa*. <https://www.cnnindonesia.com/internasional/20190111173908-134-360231/nike-didugamenghindari-bayar-pajak-keuntungan-di-eropa>. Diakses pada 18 Oktober 2023 (20.18).

- Chouabi, J., Rossi, M., Abdessamed, N. (2021). The effect of corporate social responsibility practices on tax avoidance: an empirical study in the French context. *Competitiveness Review: An International Business Journal* Vol. 32 (3): 326–349.
- Chen, J., Leung, W.S. & Goergen, M. (2017). The impact of board gender composition on dividend payouts. *Journal of Corporate Finance*. Vol. 43: 86–105.
- Dakhli, A. (2022). The impact of ownership structure on corporate tax avoidance with corporate social responsibility as a mediating variable. *Journal of Financial Crime*. Vol. 29 (3): 836–852.
- Fahlevi, Reza, Sitinjak, Charli, Tawil, M. Risal, et al. (2023). *Psikologi Kepemimpinan*. Padang: PT Global Eksekutif Teknologi.
- Ghozali, Imam., & Bana, Elan Levita. (2021). Pengaruh Diversitas Gender Dewan Komisaris Terhadap Penghindaran Pajak Dengan Sustainability Performance Sebagai Variabel Mediasi (Studi Empiris Pada Perusahaan Non Keuangan Yang Terdaftar Di Bursa Efek Indonesia Pada Tahun 2017-2019). *Jurnal of Accounting*, Vol. 10 (4): 1-14.
- Handayani, S., Ayu N., & Ramdhani, D. (2018). Pengaruh Agresivitas Pajak Terhadap Corporate Social Responsibility dengan Variabel Control Return on Asset Dan Leverage. *Tirtayasa Ekonomika*. Vol. 13(1): 162–183.
- Handayani, Putri., Astaivada, Tia., Aisyah, Nia., & Anshori, Mochammad Isa. (2023). Kepemimpinan Transformasional. *Jurnal Manajemen Kreatif dan Inovasi*. Vol. 1(3):84-101.
- Hoseini, M., Gerayli, M. S., & Valiyan, Hasan. (2019). Demographic Characteristics Of The Board Of Directors' Structure And Tax Avoidance Evidence From Tehran Stock Exchange. *International Journal of Social Economics*. Vol. 46(2): 199–212.
- Isnalita, N., Irene. (2023). Do females on boards enhance firm performance? Evidence from an Indonesian manufacturing firm. *Contradicción y Administración*. Vol. 69(1): 213–246.
- Jarboui, Anis, Saad, Mali K.B., Riguen, Rakia. (2020). Tax avoidance: do board gender diversity and sustainability performance make a difference?. *Journal of Financial Crime*. Doi: <http://dx.doi.org/10.1108/JFC-09-2019-0122>.
- Kementerian Keuangan Republik Indonesia (2019). Mengejar Lompatan Rasio. Media Keuangan Vol 14, No.138
- Khaola, F., & Moez, Dabboussi. (2019). The moderating effect of the board of directors on firm value and tax planning: Evidence from European listed firms. *Borsa Istanbul Review* 19-4 (2019). Doi: <https://doi.org/10.1016/j.bir.2019.07.005>.

- Kurniawan, T. Sandi., Sari, Dyah Wulan., & Irmawati, Dyah Reni. (2020). Faktor – Faktor yang Mempengaruhi Rasio Beban Pajak Perusahaan: Studi Empiris Sektor Manufaktur di Indonesia. *Jurnal Perbendaharaan, Keuangan Negara, dan Kebijakan Publik*, Vol.5 (4): 273-283.
- Muchtar, E. (2010). Implementasi Good Corporate Governance dan Hubungannya dengan Pengungkapan Tanggung Jawab Sosial Perusahaan. *Journal Humaniora Universitas Bina Sarana Informatika*. Vol. 10(1).
- Nurmayanti, P., Suryawati, E., Firzal, Y., Maulida, Yusni., & Ramaiyanti, S. (2021). Model Konseptual kepemimpinan, Gender, dan Diversitas. *Journal el-Riyasah*. Vol 12(1): 1-25.
- Pertiwi, S. Rukti, & Prihandini, Wiwiek. (2021). Gender Diversity as The Moderating Effect on Tax Avoidance, Economic Value Added, and Firm Value: A Study of Companies Listed on the Indonesia Stock Exchange 2015-2019. *Journal of Economics, Business, and Accounting Research*, Vol. 5(1): 241–255.
- Riguen, B., Salhi, B., Jarbou, Anis. (2019). Do women on the board represent less corporate tax avoidance? A moderation analysis. *International Journal of Sociology and Social Policy*. Vol. 40 (1/2): 114–132.
- Salim, Emil. (2018). *Tujuan Pembangunan Berkelanjutan di Indonesia*. Bandung: Unpad Press.
- Sidabalok, W. L., Ratnawati, V., & Wahyuni, Nita. (2022). Kompensasi Manajemen, Reputasi Auditor, Profitabilitas, Leverage, Fasilitas Pajak dan Manajemen Pajak. *Jurnal Kajian Akuntansi dan Bisnis Terkini*. Vol.3(1):24-37. <https://current.ejournal.unri.ac.id/>.
- Susy., & Nuryani, Nunung. (2020). Pengaruh Peran Perempuan Sebagai Dewan Komisaris Dan Sebagai Dewan Direksi Terhadap Penghindaran Pajak Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2017- 2019.
- Usman, Muhammad., Farooq, Muhammad Umar., and Zhang, Junrui. (2018). Female directors and the cost of debt: does gender diversity in the boardroom matter to lenders?. *Managerial Auditing Journal*, Vol. 34 (4). DOI: <http://dx.doi.org/10.1108/MAJ-04-2018-1863>.
- Utomo, Dwi Cahyo., & Hudha, Bill. (2021). Pengaruh Ukuran Dewan Direksi, Komisaris Independen, Keragaman Gender, Dan Kompensasi Eksekutif Terhadap Penghindaran Pajak Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia 2017-2019). *Journal of Accounting*, Vol. 10 (1): 1-10. <http://ejournal-s1.undip.ac.id/index.php/accounting>.
- Winasis, Setia Eka., & Yuyetta, Etna Nur A., (2017). Pengaruh Gender Diversity Eksekutif Terhadap Nilai Perusahaan, Tax Avoidance Sebagai Variabel Intervening: Studi

Kasus Pada Perusahaan Pertambangan Yang Terdaftar Di Bei Tahun 2012-2015.
Journal of Accounting, Vol. 6 (1): 1-14.