



The Role of Corporate Governance in Moderating the Effect of Board Gender Diversity and Managerial Ownership on Tax Aggressiveness

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DOI: <https://doi.org/10.54099/ijebm.v5i2.1942>

Research Paper

ARTICLE INFO

Article history:

Received: 25 August 2026

Revised: 15 September 2026

Accepted: 9 October 2026

Keywords: board gender diversity; managerial ownership; corporate governance; tax aggressiveness

ABSTRACT

Purpose – This study examines the effects of board gender diversity, managerial ownership, and corporate governance on tax aggressiveness, and investigates the moderating role of corporate governance in those relationships. It is grounded in Agency Theory, Corporate Governance Theory, Gender Socialization Theory, and Risk Aversion Theory.

Methodology/approach – The population consists of non-financial companies listed on the Indonesia Stock Exchange (IDX) during 2020–2024. Using purposive sampling, 36 companies with 180 firm-year observations were selected. Data were analyzed using Moderated Regression Analysis (MRA) with SPSS.

Findings – Board gender diversity has a positive and significant effect on the Effective Tax Rate (ETR), suggesting that greater gender diversity is associated with lower tax aggressiveness. Managerial ownership has no significant effect on ETR, while corporate governance has a positive and significant effect on ETR, implying that stronger governance enhances tax compliance. However, corporate governance does not significantly moderate the relationship between board gender diversity and tax aggressiveness, nor between managerial ownership and tax aggressiveness.

Novelty/value – The influence of board gender diversity and managerial ownership on tax aggressiveness is primarily determined by firms' internal characteristics rather than by the effectiveness of corporate governance as a moderating mechanism. The study integrates four theoretical perspectives into a single moderation-based empirical model.

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INTRODUCTION

Taxes constitute a primary instrument in a nation's financial system, serving as a sustainable source of financing for development and the provision of public services. Globally, the Organisation for Economic Co-operation and Development (OECD) reports that the average tax-to-GDP ratio among its member countries reaches approximately 34 percent (OECD, 2024). In Indonesia, tax revenues contribute more

than 80 percent of total state revenue in the state budget (Ministry of Finance of the Republic of Indonesia, 204).

This heavy reliance on taxation demands optimal compliance from the corporate sector. Nevertheless, tax aggressiveness remains a challenge in efforts to increase state revenue. Tax aggressiveness is defined as a firm's practice of aggressive tax planning that exploits regulatory loopholes to minimize its tax burden while remaining within formal legal boundaries (Hanlon & Heitzman, 2010). This practice is often undertaken to increase after-tax profit and firm value in the short term, yet it may create reputational risk, fiscal sanctions, and future legal uncertainty. From the perspective of *agency theory*, the conflict of interest between management and shareholders may drive management to make decisions that benefit themselves, including in tax policy. To minimize such conflict, firms require effective governance mechanisms to ensure transparency and accountability in decision-making (Putra et al., 2026; Putra et al., 2026).

Board gender diversity is one of the internal firm characteristics that has received considerable attention in modern governance literature. The board of directors plays a strategic role in determining operational and financial policies, including the firm's tax strategy. The presence of women on the board is believed to improve the quality of decision-making through a more prudent and long-term-oriented approach. In addition to demographic factors, managerial ownership is an incentive mechanism that can influence managerial behavior. Managerial ownership reflects the proportion of company shares held by management, thereby aligning managers' interests with those of shareholders.

The relationship between board gender diversity, managerial ownership, and tax aggressiveness is inseparable from the role of corporate governance. Strong governance is believed to strengthen the *monitoring* function and ensure that tax decisions are made prudently and in accordance with the principle of accountability. Therefore, corporate governance may act as a moderating variable that strengthens or weakens the influence of the two independent variables on tax aggressiveness.

Although research on board gender diversity and managerial ownership has been conducted previously, the results remain inconsistent. Liu et al. (2021) found that the presence of women on the board improves the quality of monitoring and curbs opportunistic managerial behavior (Setini et al., 2026), while Hudha & Utomo (2021) showed that managerial ownership aligns management's interests with those of shareholders, thereby influencing strategic decision-making. However, most of these studies have not tested the role of corporate governance as a moderating variable within a single integrated model.

Most prior studies emphasize the direct effect of board characteristics or ownership structure on tax aggressiveness without comprehensively testing the moderating role of governance. Research integrating board gender diversity and managerial ownership within a single model with corporate governance as a moderating variable remains relatively limited, particularly in the context of Indonesian public companies in the post-tax-reform period. This condition indicates a relevant *research gap*. Accordingly, this study aims to obtain empirical evidence regarding the effect of board gender diversity, managerial ownership, and corporate governance on tax aggressiveness, and to test the moderating role of corporate governance in non-financial companies listed on the IDX during 2020–2024.

This study is expected to contribute theoretically to the development of corporate governance and taxation literature, particularly by integrating four theoretical perspectives into a single moderation-based empirical model. Practically, the findings may serve as input for management in designing more effective board composition and ownership structures, and for regulators such as the Financial Services Authority (OJK) and the Directorate General of Taxes (DGT) in formulating policies that strengthen corporate governance and enhance fiscal compliance.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Agency Theory

Agency theory (Jensen & Meckling, 1976) explains the agency relationship between the firm's owners (principals) and management (agents). This relationship gives rise to potential conflicts of interest because management possesses greater information than the owners, which may drive management to act opportunistically for personal gain, including in tax decision-making. Tax aggressiveness is viewed as management's effort to maximize after-tax profit by exploiting tax regulation loopholes; when monitoring



is not optimal, management has greater room to act opportunistically. Managerial ownership and corporate governance are interest-alignment mechanisms that can reduce agency costs.

Corporate Governance Theory

Corporate governance theory (Shleifer & Vishny, 1997) posits that firms require effective oversight and control mechanisms to ensure that all corporate activities are conducted in line with the interests of shareholders and other stakeholders. Good corporate governance is built upon the principles of transparency, accountability, responsibility, independence, and fairness. In the taxation context, firms with strong governance tend to have more effective oversight systems, so that every tax decision considers aspects of compliance and sustainability. Lanis & Richardson (2011) and Hsu et al. (2022) found that better governance quality is associated with lower tax aggressiveness.

Gender Socialization Theory

Gender socialization theory (Eagly, 1987) explains that behavioral differences between men and women are shaped through the process of social socialization from an early age. Women are generally socialized to be more prudent, ethical, and cooperative, whereas men are often associated with competitiveness and risk-taking. In an organizational context, the presence of women on the board can enrich perspectives and increase sensitivity to reputational and regulatory compliance issues, thereby potentially reducing corporate tax aggressiveness.

Board gender diversity also contributes to improved internal monitoring quality. Carter et al. (2003) argue that more diverse boards tend to be more effective in carrying out the monitoring function, as women on the board are more sensitive to reputational and regulatory compliance issues. The sense of social responsibility inherent in women influences the decision-making process, thereby enhancing corporate transparency and accountability.

Risk Aversion Theory

Risk aversion theory (Arrow, 1971; Pratt, 1964) explains that individuals have different levels of risk tolerance in decision-making. Byrnes et al. (1999) found that women generally have a higher level of risk aversion than men. In the board structure, this characteristic influences the collective decision-making process so that the board tends to be more conservative and long-term oriented. Boards with members possessing high risk aversion tend to weigh the risks and benefits of decisions more thoroughly (Adams & Ferreira, 2009), thereby reducing the likelihood of speculative policies. Tax aggressiveness, which carries legal and reputational risks, tends to be avoided by boards with a high level of risk aversion.

Hypothesis Development

Gender diversity and tax aggressiveness. Women are generally associated with greater prudence, ethical orientation, and compliance. Aggressive tax policy entails legal, financial, and reputational risks, so the presence of women on the board is expected to reduce tax aggressiveness. Al-Fadli et al. (2023) and García-Meca et al. (2024) found that gender diversity enhances tax compliance.

H1: Board gender diversity affects tax aggressiveness.

Managerial ownership and tax aggressiveness. Managerial ownership makes managers bear the risks of the firm's strategic decisions, including tax policy. Higher managerial ownership is expected to be associated with lower tax aggressiveness (Khan et al., 2020; Alfraih, 2025).

H2: Managerial ownership affects tax aggressiveness.

Corporate governance and tax aggressiveness. Good governance enhances transparency, accountability, and monitoring effectiveness, thereby limiting the room for management to act opportunistically. Consequently, firms with good governance are expected to exhibit lower tax aggressiveness.

H3: Corporate governance affects tax aggressiveness.

Moderating role of corporate governance. In the moderation approach, corporate governance may strengthen or weaken the relationship between the independent variables and tax aggressiveness. The effectiveness of board characteristics (gender diversity) and the incentive mechanism (managerial

ownership) is expected to be more optimal when supported by strong governance (Zaid et al., 2022; Rahman et al., 2025).

H4: Corporate governance moderates the effect of board gender diversity on tax aggressiveness.

H5: Corporate governance moderates the effect of managerial ownership on tax aggressiveness.

Research Framework

This study develops a research framework to examine the relationship between board gender diversity, managerial ownership, corporate governance, and tax aggressiveness. Board gender diversity and managerial ownership are positioned as independent variables that influence tax aggressiveness, while corporate governance is examined both as an independent variable and as a moderating variable.

The framework is developed based on Agency Theory, Corporate Governance Theory, Gender Socialization Theory, and Risk Aversion Theory. Agency Theory explains the role of ownership and governance mechanisms in reducing conflicts between managers and shareholders. Gender Socialization Theory and Risk Aversion Theory provide the theoretical basis that board gender diversity may influence more prudent and compliant tax decision-making. Corporate governance is expected to strengthen monitoring effectiveness and potentially moderate the relationship between internal governance characteristics and tax aggressiveness. The proposed model is illustrated as follows:

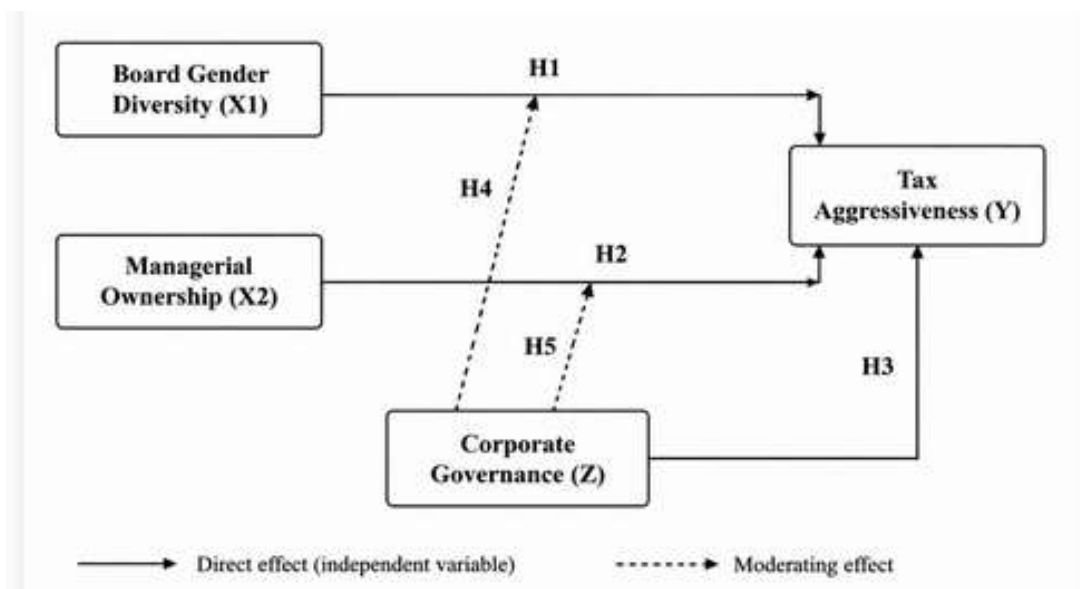


Figure 1. Conceptual Framework

Source: Researchers' own compilation (2026)

Several prior studies provide the empirical basis for the model development and hypothesis formulation in this study. A summary of relevant prior research is presented in Table 1.

Several previous studies have examined the relationship between board gender diversity, managerial ownership, corporate governance, and tax aggressiveness. Lahiri and Richardson (2020) investigated 408 Australian firms and found that board gender diversity and corporate governance negatively affect tax aggressiveness. Their findings also indicate that strong governance mechanisms strengthen the influence of gender diversity in reducing aggressive tax practices. Similarly, Lanis and Richardson (2020) examined corporate governance and tax aggressiveness among 300 Australian firms and reported that effective governance has a significant negative effect on tax aggressiveness.

Research conducted in emerging markets also provides similar evidence. Hidayat (2021), using data from 98 Indonesian listed firms, found that board gender diversity significantly reduces tax aggressiveness. This finding suggests that the presence of women on corporate boards may improve monitoring effectiveness and encourage more responsible tax decision-making. In relation to ownership structure, Richardson (2021) examined 300 Australian firms and found that managerial ownership and corporate



governance negatively influence tax aggressiveness. Garcia and Martinez (2022), based on 300 Latin American firms, also reported that managerial ownership has a significant negative relationship with tax avoidance, indicating that ownership alignment may reduce opportunistic managerial behavior.

Recent studies have further explored the role of governance as a moderating mechanism. Singh and Gupta (2023), using a sample of 250 Indian firms and Moderated Regression Analysis (MRA), demonstrated that corporate governance moderates the relationship between gender diversity, managerial ownership, and tax aggressiveness. This finding suggests that governance mechanisms may enhance the effectiveness of internal corporate characteristics in influencing tax-related decisions. In the Indonesian context, Kurniawan and Syafruddin (2023) found that board gender diversity indirectly reduces tax aggressiveness through improved governance quality, highlighting the importance of governance mechanisms in translating board characteristics into more compliant corporate behavior.

These previous findings indicate that board characteristics, ownership structures, and governance mechanisms play important roles in explaining corporate tax aggressiveness. However, previous studies have generally focused on direct relationships, while research integrating board gender diversity and managerial ownership with corporate governance as a moderating variable remains limited. Therefore, this study develops an integrated moderation model to examine whether corporate governance strengthens the effects of board gender diversity and managerial ownership on tax aggressiveness.

METHOD

The population comprises all non-financial companies listed on the IDX. Based on the Indonesia Stock Exchange Industrial Classification (IDX-IC), non-financial companies are grouped into 11 industry sectors, namely energy, basic materials, industrials, primary consumer goods, non-primary consumer goods, healthcare, property and real estate, infrastructure, transportation and logistics, technology, and trade, services, and investment. Non-financial companies were selected to avoid differences in regulatory characteristics, financial structures, and tax treatment specific to the financial sector. The sample selection process is presented in Table 2. As shown in Table 2, the initial population consisted of approximately 800 non-financial companies listed on the IDX during 2020–2024. After excluding companies with incomplete annual reports, delisted companies, firms that did not disclose board composition and managerial ownership information, and companies without complete tax expense and pre-tax profit data, the final sample consisted of 36 companies. With a five-year observation period, the study generated a total of 180 firm-year observations (36 companies $\times$ 5 years).

Table 2. Sample Selection Process

Criteria	Number
Non-financial companies listed on the IDX during 2020–2024	± 800
Companies that did not publish complete reports / were delisted	(excluded)
Companies that did not disclose board composition and managerial ownership	(excluded)
Companies that did not present tax expense and pre-tax profit data	(excluded)
Number of sample companies	36
Observation period (years)	5
Total observations (36 $\times$ 5)	180

Source: Processed Data (2026)

The operational definitions of the research variables are described as follows.

Table 3. Operational Definitions of Variables

Variable	Measurement
Gender Diversity (X1)	GEND = Number of Female Board Members / Total Board Members
Managerial Ownership (X2)	MO = (Number of Shares Held by Management / Total Outstanding Shares) $\times$ 100%

Variable	Measurement
Corporate Governance (Z)	$CGI = (INDCOM + AC + MEET) / 3$, where INDCOM = proportion of independent commissioners; AC = presence of an audit committee (1/0); MEET = ratio of board meeting frequency to the regulatory minimum
Tax Aggressiveness (Y)	$ETR = \text{Income Tax Expense} / \text{Pre-Tax Profit}$. Low ETR → high tax aggressiveness; high ETR → better compliance

Source: Processed Data (2026)

Data were analyzed using SPSS through the stages of descriptive statistical analysis, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), and hypothesis testing using *Moderated Regression Analysis* (MRA). Before forming the interaction variables, *mean centering* was performed on the independent and moderating variables to reduce potential multicollinearity. Moderation was tested through interaction variables between gender diversity and corporate governance ($X1 \times Z$), and between managerial ownership and corporate governance ($X2 \times Z$). The moderating effect was determined based on the significance of the interaction coefficient at $\alpha = 0.05$.

RESULT AND DISCUSSION

Descriptive Statistics

Table 4. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Gender Diversity	180	0.10	0.40	0.2356	0.09781
Managerial Ownership	180	0.00	0.15	0.0409	0.03016
Corporate Governance	180	0.78	0.88	0.8294	0.01805
Tax Aggressiveness (ETR)	180	0.22	0.27	0.2400	0.01041

Source: Processed Data (2026)

Based on Table 4, the gender diversity variable has a mean of 0.2356, indicating that the average proportion of women on the board of directors reaches about 23.56%. Managerial ownership has a mean of 0.0409 (4.09%), indicating a relatively small proportion of management share ownership. Corporate governance has a mean of 0.8294, indicating generally good governance implementation. Tax aggressiveness, proxied by ETR, has a mean of 0.2400, indicating an effective tax payment rate of about 24% of pre-tax profit. All variables have mean values greater than their standard deviations, so the data distribution is relatively homogeneous.

Validity and Reliabilities Test

This study does not employ questionnaire instruments; therefore, validity and reliability testing using Cronbach's Alpha is not applicable. Instead, the validity of the research variables is ensured through the accuracy and consistency of the operational measurement of each variable based on established accounting and corporate governance literature. The validity of the measurement model is assessed by ensuring that each variable is measured according to previously validated indicators. Board gender diversity is measured using the proportion of female board members compared to the total number of board members. Managerial ownership is measured by the percentage of shares owned by management relative to total outstanding shares. Corporate governance is measured using a composite governance index consisting of independent commissioners, audit committee existence, and board meeting frequency. Tax aggressiveness is proxied by the Effective Tax Rate (ETR), calculated as income tax expense divided by pre-tax income. The reliability of the data is maintained through the use of audited annual reports and financial statements published by the Indonesia Stock Exchange (IDX) and the Financial Services Authority (OJK). The data collection process follows consistent criteria across all sample companies and



observation periods to ensure measurement consistency and comparability. Therefore, the variables used in this study are considered reliable for empirical testing.

Classical Assumption Test Results

The initial normality test using the *One-Sample Kolmogorov-Smirnov Test* produced a significance value < 0.001 , so the residuals were not normally distributed, exhibiting right skewness. After data transformation using the *Square Root* (SQRT) method, the Kolmogorov-Smirnov statistic was 0.055 with an Asymp. Sig. (2-tailed) of 0.200 (> 0.05), so the residuals were declared normally distributed. The multicollinearity test showed that all variables had Tolerance values above 0.10 and VIF below 10, indicating no multicollinearity. The heteroscedasticity test via scatterplot showed that residual points were randomly scattered without forming a particular pattern, so the residual variance was homogeneous. The autocorrelation test yielded a *Durbin-Watson* value of 1.969 (within the 1.50–2.50 range), so the model exhibits no autocorrelation.

The normality test was conducted to examine whether the data distribution met the assumption of normality required for further statistical analysis. The results of the normality test before and after transformation are presented in Table 5.

Table 5. Normality Test Results (Before and After Transformation)

Stage	Statistic	Asymp. Sig. (2-tailed)	Note
Before transformation	0.120	< 0.001	Not normal
After transformation (SQRT)	0.055	0.200	Normal

Source: Processed Data (2026)

The normality test was conducted to examine whether the data distribution met the assumption of normality required for further statistical analysis. As presented in Table 5, the normality test was performed before and after data transformation using the square root (SQRT) transformation.

Before transformation, the Kolmogorov–Smirnov test result showed a statistic value of 0.120 with an Asymp. Sig. (2-tailed) value of < 0.001 . Since the significance value was below the 0.05 threshold, the data distribution was considered not normal. Therefore, a data transformation procedure was applied to improve the distribution characteristics.

After applying the SQRT transformation, the test result presented in Table 5 shows a reduced statistic value of 0.055 with an Asymp. Sig. (2-tailed) value of 0.200. Because the significance value exceeded the 0.05 criterion, the transformed data were considered to have a normal distribution. These results indicate that the SQRT transformation successfully improved the normality of the data and allowed the dataset to satisfy the normality assumption for subsequent statistical analysis.

The multicollinearity test was conducted to examine whether high correlations existed among the independent variables in the regression model. The results of the multicollinearity test are presented in Table 6.

Table 6. Multicollinearity Test Results

Variable	Tolerance	VIF	Note
Gender Diversity (C_X1)	0.994	1.006	Free of multicollinearity
Managerial Ownership (C_X2)	0.994	1.006	Free of multicollinearity
Corporate Governance (CM)	0.990	1.011	Free of multicollinearity
Interaction X1×Z (CX1_CM)	0.992	1.008	Free of multicollinearity
Interaction X2×Z (CX2_CM)	0.992	1.008	Free of multicollinearity

Source: Processed Data (2026)

As presented in Table 6, all variables have tolerance values above 0.10 and variance inflation factor (VIF) values below 10, indicating that the model is free from multicollinearity problems. Based on the results shown in Table 6, Gender Diversity (X1) has a tolerance value of 0.994 and a VIF value of 1.006, while

Managerial Ownership (X2) also reports a tolerance value of 0.994 and a VIF value of 1.006. Furthermore, Corporate Governance (Z) has a tolerance value of 0.990 and a VIF value of 1.011. The interaction variables, namely Gender Diversity $\times$ Corporate Governance (X1 $\times$ Z) and Managerial Ownership $\times$ Corporate Governance (X2 $\times$ Z), show tolerance values of 0.992 and VIF values of 1.008, respectively. These findings demonstrate that all independent and interaction variables meet the recommended criteria, confirming that no multicollinearity issue exists among the predictors in the regression model.

Model Fit Test Results

The model fit test was conducted to evaluate the explanatory power and overall significance of the regression model. The results of the model summary analysis are presented in Table 7.

Table 7. Model Summary

R	R Square	Adjusted R²	Std. Error	Durbin-Watson	F	Sig.
0.832	0.692	0.683	0.00586	1.969	78.276	< 0.001

Source: Processed Data (2026)

The model fit test results presented in Table 7 indicate that the regression model is statistically significant. As shown in Table 7, the model produces an F-statistic value of 78.276 with a significance level of <0.001, indicating that gender diversity, managerial ownership, corporate governance, and their interaction effects jointly have a significant influence on tax aggressiveness (ETR). The R value of 0.832 indicates a strong correlation between the independent variables and tax aggressiveness.

Furthermore, Table 7 shows an R Square value of 0.692 and an Adjusted R² value of 0.683, indicating that the model explains 68.3% of the variation in tax aggressiveness, while the remaining 31.7% is influenced by other factors outside the research model. The standard error value of 0.00586 indicates the average deviation between the observed values and the predicted values generated by the regression model. The Durbin-Watson value of 1.969 suggests that the model does not experience serious autocorrelation problems because the value is close to 2. These results confirm that the regression model has adequate explanatory power and satisfies the required assumptions for further hypothesis testing.

Hypothesis Test Results (MRA)

The moderated regression analysis was conducted to examine the direct effects of gender diversity, managerial ownership, and corporate governance on tax aggressiveness, as well as the moderating effects of corporate governance on the relationships between gender diversity and managerial ownership with tax aggressiveness. The results of the moderated regression analysis are presented in Table 8.

Table 8. Moderated Regression Analysis Results

Variable	B	Std. Error	Beta	t	Sig.	Note
(Constant)	0.240	0.000	-	548.875	< 0.001	-
Gender Diversity	0.060	0.004	0.565	13.384	< 0.001	Significant
Managerial Ownership	-0.013	0.015	-0.038	-0.890	0.375	Not sig.
Corporate Governance	0.366	0.024	0.635	15.016	< 0.001	Significant
Interaction Gender $\times$ CG	0.159	0.242	0.028	0.658	0.512	Not sig.
Interaction MO $\times$ CG	-0.381	0.765	-0.021	-0.498	0.619	Not sig.

Source: Processed Data (2026). Dependent variable: Tax Aggressiveness (ETR)

As presented in Table 8, the constant coefficient is 0.240 with a significance value of $p < 0.001$, indicating that the regression intercept is statistically significant. The results show that gender diversity has a positive and significant effect on tax aggressiveness, with a coefficient (B) of 0.060, standardized coefficient (β) of 0.565, t-value of 13.384, and p-value < 0.001. Therefore, H1 is supported. Since tax aggressiveness is measured using the Effective Tax Rate (ETR), where higher ETR values indicate lower tax aggressiveness, the positive coefficient suggests that greater board gender diversity is associated with lower tax aggressiveness.



Managerial ownership shows a negative coefficient ($B = -0.013$) with $\beta = -0.038$, $t\text{-value} = -0.890$, and $p\text{-value} = 0.375$. Because the significance value exceeds 0.05, managerial ownership does not have a significant effect on tax aggressiveness. Therefore, H2 is not supported. Furthermore, corporate governance has a positive and significant effect on tax aggressiveness, with $B = 0.366$, $\beta = 0.635$, $t\text{-value} = 15.016$, and $p\text{-value} < 0.001$. These results indicate that corporate governance significantly influences tax aggressiveness, supporting H3. Considering the ETR measurement approach, the positive coefficient indicates that stronger corporate governance is associated with higher ETR values and consequently lower tax aggressiveness.

The moderating effect analysis presented in Table 8 shows that the interaction between gender diversity and corporate governance (Gender Diversity $\times$ CG) has a coefficient of $B = 0.159$, $\beta = 0.028$, $t\text{-value} = 0.658$, and $p\text{-value} = 0.512$. Since the significance value is above 0.05, corporate governance does not significantly moderate the relationship between gender diversity and tax aggressiveness. Therefore, H4 is not supported. Similarly, the interaction between managerial ownership and corporate governance (MO $\times$ CG) produces $B = -0.381$, $\beta = -0.021$, $t\text{-value} = -0.498$, and $p\text{-value} = 0.619$. This result indicates that corporate governance does not significantly moderate the relationship between managerial ownership and tax aggressiveness. Therefore, H5 is not supported.

The results presented in Table 8 demonstrate that gender diversity and corporate governance have significant effects on tax aggressiveness, while managerial ownership and the moderating effects of corporate governance do not show significant relationships. The findings also confirm that the interpretation of coefficients should consider the use of ETR as a proxy, where higher ETR values represent lower levels of tax aggressiveness.

Discussion

The Effect of Board Gender Diversity on Tax Aggressiveness

The hypothesis testing results presented in Table 8 indicate that board gender diversity has a positive and significant effect on ETR ($B = 0.060$; $\beta = 0.565$; $t = 13.384$; $p < 0.001$). Because tax aggressiveness is measured using the Effective Tax Rate (ETR), where a higher ETR indicates lower tax aggressiveness, this finding indicates that greater board gender diversity is associated with lower levels of corporate tax aggressiveness. Therefore, H1 is supported. The result suggests that the presence of women on corporate boards contributes to more prudent tax decision-making and encourages firms to adopt more compliant tax strategies.

This finding is consistent with gender socialization theory (Eagly, 1987), which suggests that men and women may differ in their ethical orientations, decision-making approaches, and attitudes toward risk. Women directors are generally associated with stronger ethical sensitivity, greater concern for compliance, and lower tolerance toward risky managerial practices. From the perspective of risk aversion theory, female board members tend to avoid decisions that may create reputational or regulatory risks, including aggressive tax strategies that could attract scrutiny from tax authorities.

The finding supports previous empirical evidence. Imora and Riswandari (2021) and Mufidaturrohman and Rochayatun (2025) found that board gender diversity reduces aggressive tax behaviour by strengthening monitoring functions and encouraging responsible corporate decisions. Similarly, Castillo-Merino and Garcia-Blandon (2025) demonstrated that female representation on boards contributes to improved corporate accountability. The current study extends these findings by showing that board gender diversity remains relevant in reducing tax aggressiveness when measured through ETR among Indonesian non-financial companies. The result indicates that gender diversity functions not only as a representation mechanism but also as an internal governance mechanism that influences corporate tax behaviour.

The Effect of Managerial Ownership on Tax Aggressiveness

The results presented in Table 8 show that managerial ownership has a negative but statistically insignificant effect on ETR ($B = -0.013$; $\beta = -0.038$; $t = -0.890$; $p = 0.375$). Therefore, H2 is not supported. This finding indicates that managerial ownership does not significantly influence corporate tax aggressiveness in the observed sample.

The insignificant relationship may be explained by the relatively low level of managerial ownership, with an average ownership proportion of only 4.09%. This level of ownership may not be sufficient to create

strong alignment between managerial interests and shareholder objectives. Although managerial ownership theoretically reduces agency conflicts by encouraging managers to act in shareholders' interests, the ownership proportion in this study may not provide sufficient control over strategic tax decisions.

This finding is consistent with Veronica and Christian (2024) and Boussaidi and Sidhom (2021), who reported that managerial ownership does not always significantly influence tax-related decisions. These studies suggest that tax policies are often determined by broader governance structures, controlling shareholders, regulatory pressures, and organizational characteristics rather than managerial ownership alone. Therefore, managerial ownership may have limited influence when managers do not possess substantial ownership power within the company.

The Effect of Corporate Governance on Tax Aggressiveness

The results in Table 8 demonstrate that corporate governance has a positive and significant effect on ETR ($B = 0.366$; $\beta = 0.635$; $t = 15.016$; $p < 0.001$), supporting H3. Given that higher ETR values represent lower tax aggressiveness, this finding indicates that stronger corporate governance reduces firms' tendency to engage in aggressive tax practices.

This result is consistent with agency theory (Jensen & Meckling, 1976), which explains that effective governance mechanisms reduce conflicts between managers and shareholders through stronger monitoring, transparency, and accountability systems. Corporate governance mechanisms encourage managers to consider not only short-term financial benefits but also long-term reputational and regulatory consequences of corporate decisions.

The finding supports previous research by Mulyani and Badera (2025) and Marheni and Setiawan (2025), who found that stronger governance mechanisms improve tax compliance and reduce aggressive tax behaviour. The current study confirms that corporate governance serves as an important internal control mechanism in influencing tax decisions. Unlike managerial ownership, which may depend on ownership concentration, governance mechanisms directly strengthen oversight functions and managerial accountability.

Research Implications

Theoretically, this study contributes to the development of tax aggressiveness literature by integrating *agency theory* (Jensen & Meckling, 1976), *gender socialization theory* (Eagly, 1987), *risk aversion theory*, and *corporate governance theory* (Shleifer & Vishny, 1997) into a single moderation-based empirical model. The finding that gender diversity and corporate governance negatively affect tax aggressiveness supports gender socialization theory, risk aversion theory, and corporate governance theory. Conversely, the insignificant effect of managerial ownership indicates that agency theory is not fully confirmed in this context, because the relatively small proportion of management share ownership is insufficient to influence the firm's tax policy.

Practically, the findings provide implications for management, investors, and regulators. For management, increasing board gender diversity and strengthening corporate governance can be strategies to curb tax aggressiveness through more prudent, transparent, and compliant decision-making. Governance strengthening can be achieved by improving the effectiveness of the board of commissioners, the audit committee, internal control systems, and financial reporting transparency. For investors, corporate governance implementation and board composition can serve as considerations in evaluating firm quality. For regulators, these findings highlight the importance of encouraging effective governance implementation and increasing women's participation in corporate leadership to support sustainable tax compliance.

CONCLUSION

Based on the analysis, this study concludes that board gender diversity negatively affects tax aggressiveness; the higher the proportion of women on the board, the lower the firm's tax aggressiveness. Managerial ownership has no significant effect on tax aggressiveness, so management share ownership has not been proven to be an effective control mechanism. Corporate governance negatively affects tax aggressiveness, indicating that good governance implementation can enhance tax compliance. However,



corporate governance is unable to moderate the effects of board gender diversity or managerial ownership on tax aggressiveness; rather, it functions as an independent variable with a direct effect.

This study offers implications for management to increase board gender diversity and strengthen corporate governance as strategies to curb tax aggressiveness, and for regulators (OJK and DGT) to encourage governance strengthening and greater women's participation in corporate leadership. A limitation of this study is the use of ETR as the sole proxy for tax aggressiveness. Future research is encouraged to use more varied proxies such as *Cash Effective Tax Rate* (CETR), *Book Tax Differences* (BTD), or *GAAP ETR*, to expand the sample and observation period, and to add other variables such as audit quality, institutional ownership, political connections, or CEO characteristics.

ACKNOWLEDGMENT

The authors express their gratitude to the Master of Accounting Study Program, Postgraduate Faculty, Universitas Warmadewa, for the academic support provided during this research, and to all parties who contributed to the completion of this study.

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