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The Effect Of Board Of Dirctors Gender Diversity And Company Age On Tax Avoidance

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ABSTRACT

This study examines the effect of Board of Directors Gender Diversity and Company Age on Tax Avoidance. The research method used in this study is the purposive sampling method. This research is a quantitative study with secondary data. The population used is non-cyclical consumer sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period. The samples obtained were 29 companies. Data management used in this study was the Microsoft Office Excel program and the E-views 12-SV statistics program. The results of the study show that Board of Directors Gender Diversity has a probability value of 0,1964 (> 0,05) which means that Board of Directors Gender Diversity has no effect on Tax Avoidance and Company Age has a probability value of 0,0208 (<0,05) which means that Company Age has an effect on Tax Avoidance. These results come from the results of partial tests (t-tests). Researchers are expected to be able to provide a deeper theoretical understanding of Board of Directors Gender Diversity and Company Age on Tax Avoidance.

Keywords: Board of Directors Gender Diversity; Company Age; Tax Avoidance.

ABSTRAK

Penelitian ini mengkaji pengaruh Keberagaman Gender Direksi dan Umur Perusahaan terhadap Penghindaran Pajak. Metode penelitian yang digunakan dalam studi ini adalah metode purposive sampling. Penelitian ini merupakan penelitian kuantitatif dengan menggunakan data sekunder. Populasi yang digunakan adalah perusahaan sektor konsumen non-siklikal yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2020–2022. Sampel yang diperoleh sebanyak 29 perusahaan. Pengolahan data dalam penelitian ini menggunakan program Microsoft Office Excel dan program statistik E-Views 12-SV. Hasil penelitian menunjukkan bahwa Keberagaman Gender Direksi memiliki nilai probabilitas sebesar 0,1964 (> 0,05) yang berarti bahwa Keberagaman Gender Direksi tidak berpengaruh terhadap Penghindaran Pajak. Sementara itu, Umur Perusahaan memiliki nilai probabilitas sebesar 0,0208 (< 0,05) yang berarti bahwa Umur Perusahaan berpengaruh terhadap Penghindaran Pajak. Hasil ini diperoleh dari hasil uji parsial (uji t). Penelitian ini diharapkan dapat memberikan pemahaman teoritis yang lebih mendalam mengenai pengaruh Keberagaman Gender Direksi dan Umur Perusahaan terhadap Penghindaran Pajak.

Kata Kunci: Keberagaman Gender Direksi; Umur Perusahaan; Penghindaran Pajak.

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1. INTRODUCTION

In Indonesia, the tax sector is the largest contributor to state revenue, when viewed through the Central Bureau of Statistics, tax revenue contributes around 82.4% of total state revenue (Bps.co.id). Tax is the largest mainstay of the State Budget (APBN). Tax revenue is very important for state finances, to support various national development programs and public welfare. In reality, tax revenue has many obstacles to being able to contribute to state revenue. This can happen because taxpayers who are individuals or bodies that have an obligation to pay sometimes avoid taxes to gain economic benefits. Tax avoidance is an effort to avoid taxes that is carried out legally and safely for taxpayers without conflicting with applicable tax regulations. For companies, taxes are one of the burdens that must be paid and this will reduce the amount of profit obtained by the company, therefore companies tend to avoid taxes to gain more profit. According to (Pohan, 2013) Tax avoidance is an effort to avoid taxes that is carried out legally and safely for taxpayers without conflicting with applicable tax regulations. For companies, taxes are one of the burdens that must be paid and this will reduce the amount of profit obtained by the company, therefore companies tend to avoid taxes to get more profits.

The factors that are predicted to influence companies to avoid taxes include board of directors gender diversity and company age. Diversity can be interpreted as diversity or differentiation in a group. Gender diversity is the diversity of traits, roles, and characteristics in a group. Gender diversity can include traits that exist in each individual such as masculine traits in men and feminine traits in women. There are differences in the way of thinking, decision-making, and leadership style between male and female board of directors. These differences in traits can affect various aspects of the company. The next factor that is predicted to influence tax avoidance is the age of the company. The age of the company can also be referred to as the length of time a company has been established. The age of the company can also be an indicator of whether the company can continue to exist and be able to compete in the business world. The longer a company has been established, the more experienced the company is in analyzing financial reports and making decisions.

The phenomenon of tax avoidance has often occurred, some of which are tax avoidance carried out by PT Unilever Indonesia Tbk (Nestle) in 2015, taking tax reduction measures by reducing the tax burden by IDR 800 billion and utilizing transfer pricing policies (Dwiwahyuni, 2022). Furthermore, tax avoidance carried out by a subsidiary of BAT (British American Tobacco) in Indonesia, namely PT. Bentoel Internasional Investama Tbk in 2019. This company was reported by a Tax Justice Network institution, reporting the occurrence of tax avoidance practices that harm state revenues of around US $ 14 million each year. Tax avoidance is carried out through the transfer of payment transactions for fees and royalties (Lestari et al., 2021). In the Tax Justice Network & Tax Justice News report entitled The State of Tax Justice 2020: Tax Justice in the Time of COVID-19, it was reported that Indonesia is estimated to have suffered a loss of IDR 68.7 trillion, the loss was caused by corporate taxpayers who evaded taxes in Indonesia. The amount of loss incurred reached IDR 67.6 trillion (Tantono et al., 2024).

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2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Agency Theory

Agency theory was first proposed by Jensen and William in 1976. This theory occurs when one or more people as principals employ others as agents to provide a service and then represent the decision-making authority, this was expressed by Jensen about agency theory. In this theory, gaps and conflicts occur between the principal and the agent because the principal and the agent have different interests. Agency theory is a theory that explains the relationship between the agent and the principal, if in terms of tax avoidance, the principal is the party that gives authority to the agent, namely the government, while the agent is the party that is given authority by the principal, namely the taxpayer/company. In this study, agency theory can be linked to the tax avoidance variable, the government is the principal while the company is the agent. The government has the power over companies in Indonesia, to give orders or regulations to pay taxes as one of the state's incomes. While in the agent position, the company has an interest in being able to optimize the profits obtained for the sustainability of the company or share profits with shareholders.

Board Of Directors Gender Diversity

Gender diversity is the presence of two genders, namely men and women in the ranks of dean members, in other words there is at least one woman as a member. Based on theories about women's leadership, women tend to be more careful and detailed in considering risks, and also tend to have a risk-averse nature. So that women on the board of directors can make less risky decisions, one of which is decisions related to tax avoidance (Manuela & Sandra, 2022).

Company Age

Company age can be interpreted as how long the company has been operating, companies that are relatively old tend to collect, analyze, process and produce more information, this can happen because the company already has many working hours and is experienced (Za'imah et al., 2020). The age of a company can also be a document that shows what has been achieved, is being achieved, and will be achieved by the company. The longer a company is engaged in a business field, the more experience and quality of its human resources in managing and administering its tax burden, so the tendency to avoid taxes will be greater.

Tax avoidance

The definition of tax avoidance put forward by Ernest R. Mortenson, Tax Avoidance is the arrangement of an activity in such a way as to minimize or eliminate the tax burden by considering the presence or absence of tax consequences that arise. The definition of tax avoidance put forward by Harry Graham Balter, Tax avoidance is a business activity carried out by taxpayers, whether successful or not to be able to reduce or completely eliminate tax debts based on applicable provisions without violating the provisions of tax laws and regulations.

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CONCEPTUAL FRAMEWORK

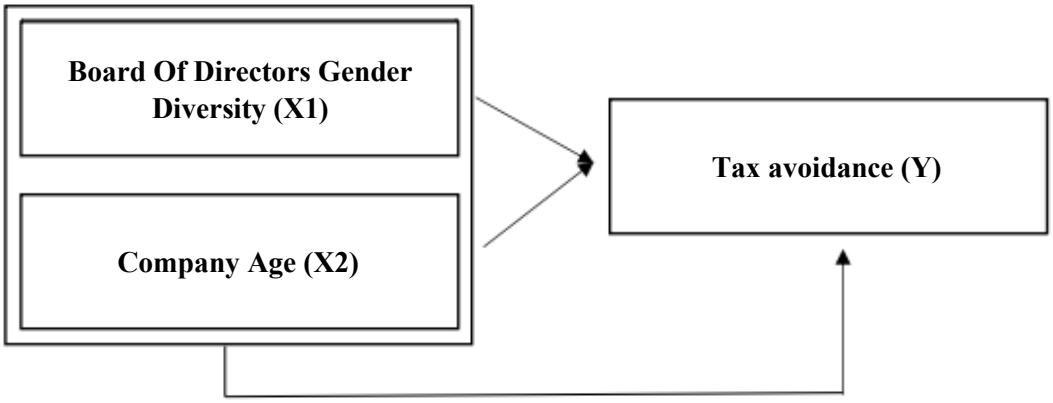

Figure 1.1 Conceptual Framework

HYPOTHESIS DEVELOPMENT

The Effect of Board Of Directors Gender Diversity on Tax Avoidance

According to (Aurellia & Sambuaga, 2022) it is statistically proven that gender diversity on the board has a significant influence on tax avoidance practices. The presence of women in a company can increase compliance in decision-making, this is because female boards tend to avoid risks. (Inayah, 2022) revealed that there is an influence between gender diversity and tax avoidance. Research by (Ikhtias Cendani & Sofianty, 2022) found that gender diversity has an influence on tax avoidance. The presence of women who have the nature of obeying the law can influence decision-making more carefully and consider the impacts that will be obtained.

H1: Gender Diversity of the Board of Directors has an effect on Tax Avoidance

The Effect of Company Age on Tax Avoidance

Research by (Ziliwu & Ajimat, 2021) found that company age has an effect on tax avoidance. Aging companies will experience decline and inefficiency, in order to remain efficient, companies need to reduce expenses, one of which is reducing the tax burden and tending to avoid taxes. Previous research conducted by (Tantono et al., 2024) stated that company age partially has a significant effect on tax avoidance. (Sinambela & Nur'aini, 2021) also said that company age has a positive effect on tax avoidance.

H2: Company Age has an effect on Tax Avoidance.

3. RESEARCH METHOD

This study uses a quantitative approach with secondary data types. The data in this study are sourced from the financial and annual reports of Consumer Non-Cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period. The sampling in this study used a purposive sampling technique. The analysis in this study used descriptive statistical analysis and panel data regression.

The population in this study was 123 consumer non-cyclical companies listed on the IDX. In taking the sample, a purposive sampling technique was used and resulted in 29 companies as samples that could be used in the study and the observation period in this

study was 3 years, namely 2020-2022. The data collection technique used was the documentation technique from data published by the official website of the Indonesia Stock Exchange (IDX) (www.idx.co.id) and the website of each company.

4. DATA ANALYSIS AND DISCUSSION

Descriptive Statistical Analysis

Table 1 : Descriptive Statistical

Date: 01/11/25 Time: 19:17
Sample: 2020 2022

	Y_ETR	X1_DGDD	X2_AGE
Mean	0.217202	0.448276	39.20690
Median	0.218955	0.000000	35.00000
Maximum	0.295684	1.000000	93.00000
Minimum	0.129005	0.000000	11.00000
Std. Dev.	0.028129	0.500200	19.69012
Skewness	-0.218596	0.208013	0.974312
Kurtosis	4.139758	1.043269	3.787160
Jarque-Bera	5.401915	14.50679	16.01074
Probability	0.067141	0.000708	0.000334
Sum	18.89661	39.00000	3411.000
Sum Sq. Dev.	0.068045	21.51724	33342.28
Observations	87	87	87

Source: Eviews 12-SV (2025)

Here is an explanation for each variable:

- Tax Avoidance Results (Y_ETR) in the table above show that the average value is 0.217202, the highest value is 0.295684, the lowest value is 0.129005, and the standard deviation value is 0.028129.
- The results of the Board of Directors Gender Diversity (X1_DGDD) reveal the average value of this variable is 0.448276, the lowest value is 0.000000, while the highest value is 1.000000, and the standard deviation value is 0.500200.
- The results of Company Age (X2_AGE) in the table above show that the highest value is 93 and the lowest value is 11. The average is 39.20690 and the standard deviation is 19.69012.

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Determination of Panel Data Regression Model
Chow Test

Table 2 : Chow Tets

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.153594	(28,56)	0.0001
Cross-section Chi-square	82.349595	28	0.0000

Source: Eviews 12-SV (2025)

The Chow Test findings indicate that the Cross-section F Prob. result is 0.0001 (<0.05). It can be concluded that in this model the fixed effect model is chosen, so that testing can continue to the Hausman test.

Hausman Test

Table 3 : Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.809435	2	0.1489

Source: Eviews 12-SV (2025)

The Hausman Test findings indicate that the random Cross-section Prob. result is 0.1489 (>0.05). It can be concluded that in the Hausman test the model chosen is the Random effect model, so testing can continue to the Lagrange multiplier test.

Lagrange Multiplier Test

Table 4 : Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	12.40525 (0.0004)	2.097161 (0.1476)	14.50241 (0.0001)
Honda	3.522109 (0.0002)	1.448158 (0.0738)	3.514509 (0.0002)
King-Wu	3.522109 (0.0002)	1.448158 (0.0738)	2.308458 (0.0105)
Standardized Honda	3.897664 (0.0000)	2.189071 (0.0143)	-0.192068 (0.5762)
Standardized King-Wu	3.897664 (0.0000)	2.189071 (0.0143)	0.432875 (0.3326)
Gourieroux, et al.	--	--	14.50241 (0.0002)

Source: Eviews 12-SV (2025)

The Lagrange Multiplier Test findings indicate that the Cross-section Breusch-Pagan result is 0.0004 (<0.05). It can be concluded that in the Lagrange multiplier test the model chosen is the Random Effect Model (REM). It can be concluded that the results of selecting the panel data regression model in this study are that the Random Effect Model (REM) is the best model used for this study.

Classical assumption test
Multicollinearity test

Table 5 : Multicollinearity Test

	X1_DGDD	X2_AGE
X1_DG...	1.000000	0.186456
X2_AGE	0.186456	1.000000

Source: Eviews 12-SV (2025)

It can be concluded that the correlation value between the board of directors gender diversity variable (X1) and the company age variable (X2) is 0.186456 and vice versa. This result states that the correlation value between variables is <0.80. So this model is free from multicollinearity

Heteroscedasticity Test

Table 6 : Heteroscedasticity Test

Panel Period Heteroskedasticity LR Test
Equation: UNTITLED
Specification: Y_ETR C X1_DGDD X2_AGE
Null hypothesis: Residuals are homoskedastic

	Value	df	Probability
Likelihood ratio	8.635522	29	0.9999

Source: Eviews 12-SV (2025)

It can be concluded that the probability value is 0.9999 (>0.05). This result reveals that the independent variables do not experience heteroscedasticity

Panel Data Regression Analysis

Table 7 : Panel Data Regression Analysis

Dependent Variable: Y_ETR
Method: Panel EGLS (Cross-section random effects)
Date: 01/11/25 Time: 19:45
Sample: 2020 2022
Periods included: 3
Cross-sections included: 29
Total panel (balanced) observations: 87
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.202641	0.009000	22.51593	0.0000
X1_DGDD	-0.009524	0.007313	-1.302348	0.1964
X2_AGE	0.000480	0.000204	2.356270	0.0208

Source: Eviews 12-SV (2025)

$$Y\_ETR = \alpha + \beta 1X1\_DGDD + \beta 2X2\_UP + \varepsilon$$
$$Y\_ETR = 0.202641 - 0.009524*X1\_DGDD + 0.000480*X2\_AGE + \varepsilon$$

Description:
Y_ETR = Tax Avoidance
α = Constant
X1_DGDD = Board Of Directors Gender Diversity
X2_AGE = Company Age
ε = Error

The following is an explanation of the panel data regression equation in the table above:
1. The constant in the regression has a value of 0.202641, which means that if the variables of board of directors gender diversity and the age of the company are constant, then the tax avoidance variable has a value of 0.202641
2. The variable of board of directors gender diversity (X1_DGDD) has a coefficient value of -0.009524 means, every decrease in board of directors gender diversity (X1_DGDD)

assuming other variables are constant, then the tax avoidance variable (Y_ETR) increases by 0.009524, and vice versa because it has a relationship in different directions between variables.

3. The company age variable (X2_AGE) has a coefficient value of 0.000480, meaning, every increase in company age (X2_AGE) assuming other variables are constant, then the tax avoidance variable (Y_ETR) has a value of 0.000480.

Hypothesis Testing

Coefficient of Determination Test (R^2)

Table 8 : Coefficient of Determination Test

R-squared	0.069133	Mean dependent var	0.120587
Adjusted R-squared	0.046969	S.D. dependent var	0.021109
S.E. of regression	0.020607	Sum squared resid	0.035671
F-statistic	3.119225	Durbin-Watson stat	2.086991
Prob(F-statistic)	0.049349		

Source: Eviews 12-SV (2025)

Based on the results of the determination coefficient above, it shows that the Adjusted R-Squared value is 0,046969. This can be interpreted that the independent variables (board of directors gender diversity & company age) have an influence of 4.6969% on the dependent variable (tax avoidance), the rest is influenced by other variables that are not in the study.

Partial Test (t Test)

Table 9 : Partial Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.202641	0.009000	22.51593	0.0000
X1_DGDD	-0.009524	0.007313	-1.302348	0.1964
X2_AGE	0.000480	0.000204	2.356270	0.0208

Source: Eviews 12-SV (2025)

The results of the partial test can be interpreted as follows:

1. The results of the partial test show that the variable x1, namely the board of directors gender diversity, has a t-value of -1.302348, therefore it can be said that the t-value is smaller than the t table -1.302348 (<1.66320). Furthermore, gender diversity of the board of directors has a probability of 0.1964 greater than the significance level of 0.05 (0.1964> 0.05) so it can be concluded that the board of directors gender diversity (X1_DGDD) does not have a partial effect on the tax avoidance variable. So the 1st hypothesis which states that board of directors gender diversity has an effect on tax avoidance is rejected.
2. The results of the partial test show that the variable x2, namely the age of the company, has a t-value of 2.356270, therefore it can be said that the t-value is greater than the t table of 2.356270 (> 1.66320). Furthermore, the age of the company has a probability of 0.0208 smaller than the significance level of 0.05 (0.0208 < 0.05) so it can be

concluded that the age variable of the company (X2_AGE) has a partial effect on the tax avoidance variable. So the second hypothesis which states that company age has an effect on tax avoidance is accepted.

5. CONCLUSION & SUGGESTION

The conclusion that can be conveyed is that gender diversity of the board of directors does not have a significant effect on tax avoidance. This conclusion is based on a partial test that has been conducted that board of directors gender diversity has a probability value of 0.1964 (> 0.05). Board of directors gender diversity has an equal opportunity to carry out tax avoidance. If these results are associated with agency theory, then the board of directors as a professional workforce (agent) has the responsibility to manage the company (principal) optimally and provide good quality work for the tasks given and the conclusion for the age of the company has a significant effect on tax avoidance. In the partial test, the age of the company has a probability value of 0.0208 (<0.05). Companies that have been established for a long time will try to maintain maximum efficiency for the company to remain optimal, one way is to reduce tax payments so that more profits are obtained.

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