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# The Effect of Women's Role on Board, ESG Performance, and Tax Avoidance

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**ABSTRACT**

*This research examines the impact of board gender diversity on tax avoidance, with ESG performance as an intervening variable. Using 87 non-financial companies listed on the Indonesia Stock Exchange (IDX) with ESG scores from Thomson-Reuters ASSET4 during the 2017-2019 period, the study reveals that board gender diversity significantly influences tax avoidance, indicating that diversity does not improve tax compliance. The male-dominated boards in Indonesia limit the effectiveness of monitoring corporate activities, including tax avoidance. Additionally, gender diversity negatively affects ESG performance, suggesting that the small number of women on boards diminishes efforts to enhance sustainability. ESG performance does not mediate the relationship between gender diversity and tax avoidance, though it can reduce tax avoidance when transparency in ESG reporting is increased. Limitations include a small sample size and data restricted to the 2017-2019. Future studies could explore alternative tax avoidance measures and other corporate governance factors.*

***Keywords:*** *Board Gender Diversity; Corporate Governance; ESG Performance; Indonesia Stock Exchange (IDX); Stakeholder Theory; Sustainability Reporting; Tax Avoidance*

## 1. Introduction

This study investigates the impact of board gender diversity on tax avoidance, with Environmental, Social, and Governance (ESG) performance as a mediating variable. This research is relevant to the cultural context, especially in Indonesia, where men, including on company boards, hold the dominant leadership tradition. By exploring the influence of gender diversity, this research seeks to show that the presence of women on boards, who tend to be more oriented towards social responsibility and ethics, can reduce the tendency to avoid taxes. This research also provides insight into the potential for companies in Indonesia to embrace gender diversity to improve ESG performance, which is expected to bring benefits to companies and support more responsible tax policies.

Corporate governance is crucial in overseeing corporate decision-making, and board gender diversity may enhance performance by introducing varied perspectives. Previous research on the relationship between gender diversity and tax avoidance has yielded mixed results, with some studies indicating that female board members promote responsible decision-making and reduce tax avoidance, while others suggest otherwise. ESG performance has also been proposed as a mediator in this relationship, with conflicting conclusions regarding its effectiveness.

This study builds on previous research findings (Jarboui et al., 2020) by examining the mediation role of ESG performance in the relationship between board gender diversity and tax avoidance among Indonesian companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2019. This research uses purposive sampling and secondary data from S&P Capital IQ to highlight the significance of corporate governance in managing company operations. Gender diversity in the boardroom is associated with improved performance and decision-making, ultimately contributing to sustainable economic development by balancing social, environmental, and economic factors. The presence of women on boards may enhance ESG performance and decrease tax avoidance, as they often prioritize stakeholder interests.

While some studies have found that board gender diversity negatively impacts tax avoidance, others suggest a positive relationship. Few studies have examined the indirect relationship with ESG performance as a mediating factor. Previous research indicates varying conclusions: ESG performance was found to mediate this relationship fully (Jarboui et al., 2020), whereas other studies concluded it does not (Widuri et al., 2020). Given these mixed findings, this study aims to deepen the investigation of the impact of board gender diversity on tax avoidance, using ESG performance as an intervening variable. It focuses on companies listed on the Indonesia Stock Exchange (IDX) and utilizes ESG scores from the Thomson-Reuters ASSET4 Database for the specified period. Data from the post-pandemic period are excluded due to government policies that provided corporate tax relief, potentially affecting taxpayer obligations.

## 2. Literature Review

Research has shown a negative relationship between board gender diversity and tax avoidance (Jarboui et al., 2020), consistent with findings indicating that high female participation on boards can enhance a company's oversight effectiveness, reducing tax evasion (Widuri et al., 2020). Additionally, studies on the effect of corporate social responsibility (CSR) on tax avoidance, moderated by board gender diversity, have found that a gender-diverse board strengthens the negative relationship between CSR and tax avoidance (Riguen & Kachouri, 2019).

**H1: Board Gender Diversity has a significant negative effect on Tax Avoidance.**


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Previous studies have shown a significant positive effect of board gender diversity on ESG performance. Research indicates that board gender diversity positively influences sustainability practices, with women on boards enhancing a company's commitment to sustainability (Nadeem et al., 2017). Additionally, strong governance and gender quotas on boards have improved social performance (Alazzani et al., 2017). These findings are consistent with research showing that a higher percentage of women on the board can positively and significantly impact ESG performance by fostering better relationships with stakeholders and focusing on broader societal needs (Jarboui et al., 2020).

**H2: Board Gender Diversity has a significant positive effect on ESG Performance.**

ESG performance is proven to indicate a significant positive relationship, where the higher presence of women on the board can improve the economic, social, and environmental performance of the company (Alazzani et al., 2017; Jarboui et al., 2020; Naciti, 2019; Nadeem et al., 2017). Good environmental responsibility performance can be a valuable strategy for companies to gain support and credibility from their stakeholders to improve their reputation, compared to saving money by avoiding paying tax burdens (Firmansyah & Estutik, 2020). Taxes are the government's social responsibility to stakeholders (Natalia et al., 2021). By carrying out CSR activities, companies fulfill their social responsibilities to stakeholders, including the community and the government, so that companies that realize the importance of the environment will be more obedient to pay their tax obligations (Zoebar & Miftah, 2020). Research has shown a negative relationship between board gender diversity and tax avoidance and a positive relationship between gender diversity and ESG performance. Additionally, ESG performance has been found to mediate the relationship between board gender diversity and tax avoidance (Jarboui et al., 2020).

**H3: ESG Performance mediates the relationship between Board Gender Diversity and Tax Avoidance.**

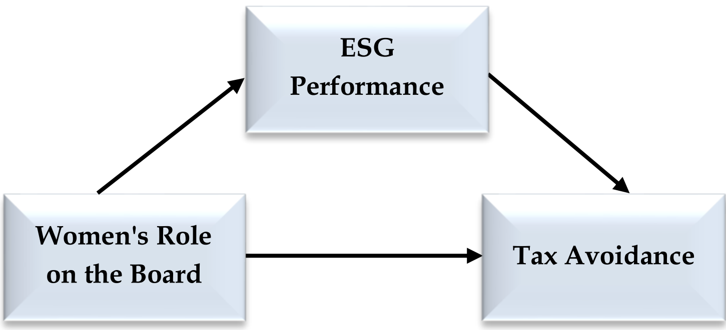


**Figure 1. Theoretical Framework**

## 3. Research Methodology

This study employs three empirical models tested using multiple linear regression based on the causal step method (Baron & Kenny, 1986). This method involves three steps: first, examining the influence of the independent variable on the dependent variable; second, assessing the impact of the independent variable on the intervening variable; and third, evaluating the combined effects of the independent and intervening variables on the dependent variable.


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The first empirical model investigates the effect of board gender diversity on tax avoidance. The formulation of Model 1 is as follows:

$$\mathrm{ETR}_{i,t} = \alpha + \beta_1 \mathrm{BGD}_{i,t} + \beta_2 \mathrm{ROA}_{i,t} + \beta_3 \mathrm{SIZE}_{i,t} + \varepsilon_{i,t} \tag{1}$$

The second empirical model assesses the influence of board gender diversity on ESG performance. Model 2 is formulated as follows:

$$\mathrm{ESG}_{i,t} = \alpha + \beta_1 \mathrm{BGD}_{i,t} + \beta_2 \mathrm{ROA}_{i,t} + \beta_3 \mathrm{SIZE}_{i,t} + \varepsilon_{i,t} \tag{2}$$

The third empirical model examines the indirect effect of board gender diversity on tax avoidance, mediated by ESG performance:

$$\mathrm{ETR}_{i,t} = \alpha + \beta_1 \mathrm{BGD}_{i,t} + \beta_2 \mathrm{ESG}_{i,t} + \beta_3 \mathrm{ROA}_{i,t} + \beta_4 \mathrm{SIZE}_{i,t} + \varepsilon_{i,t} \tag{3}$$

Information:
$\mathrm{ETR}_{i,t}$ : Ratio of tax expense to pretax income
$\mathrm{BGD}_{i,t}$ : Ratio of female members on the company board to all board members
$\mathrm{ESG}_{i,t}$ : Company ESG Performance
$\mathrm{ROA}_{i,t}$ : Ratio Return on Asset
$\mathrm{SIZE}_{i,t}$ : Natural logarithm of total assets

### 3.1. Operational Variables

#### 3.1.1. Dependent Variable

The dependent variable in this study is tax avoidance, which can be measured using the Effective Tax Rate (ETR) ratio, calculated by dividing the tax burden by profit before tax (Jarboui et al., 2020). ETR is a useful metric for assessing a company's tax avoidance strategies and evaluating the effectiveness of tax reduction efforts (Widuri et al., 2020). Additionally, a high ETR is suggested to reflect a high level of compliance, indicating lower tax avoidance and vice versa (Nibras & Hadinata, 2020). In this study, tax avoidance is calculated as follows:

$$ETR = \frac{Tax\ Expense}{Pretax\ Income} \tag{4}$$

#### 3.1.2. Independent Variable

The independent variable in this research is board gender diversity. Board diversity encompasses variations in nationality, gender, and other characteristics, providing valuable resources due to each member's unique attributes (Naciti, 2019). Prior studies indicate that board gender diversity can be measured by the presence of women on company boards, where they play crucial roles in decision-making and monitoring managerial performance (Hoseini et al., 2019; Jarboui et al., 2020; Widuri et al., 2020). Thus, board gender diversity (BGD) is assessed as the percentage of women on the board, calculated as follows:

$$BGD = \frac{Number\ of\ woman\ on\ board}{Number\ of\ all\ board\ members} \tag{5}$$


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### 3.1.3. Intervening Variable

The intervening variable in this research is ESG performance, measured across three dimensions: environmental, social, and governance performance. ESG performance is assessed using data from the Thomson-Reuters ASSET4 Database, following the approach outlined by previous research (Jarboui et al., 2020). The ESG score is expressed as a percentage ranging from 0 to 100, calculated using the following indicators:

**Table 1. ESG Score Indicators from Thomson-Reuters ASSET4**

| Pillar | Indicator | Weight | Total Weight |
|---|---|---|---|
| Environment (Environmental) | Resource usage | 11% | 34% |
| | Emission reduction | 12% | |
| | Product innovation | 11% | |
| Social (Social) | Labor | 16% | 35.5% |
| | Human rights | 4.5% | |
| | Community | 8% | |
| | Product responsibility | 7% | |
| Economics/Governance (Governance) | Management | 19% | 30.5% |
| | Shareholders | 7% | |
| | CSR Strategy | 4.5% | |
| **Total** | | **100%** | **100%** |

Source: (Thomson-Reuters, 2017)

### 3.1.4. Control Variables

The control variables used in this study include ROA (Return on Assets) and SIZE (Firm Size), which were selected because they can influence company policies and thus support the model used. Previous research suggests that ROA and firm size (SIZE) impact tax avoidance (Nibras & Hadinata, 2020; Puspita & Febrianti, 2018). Additionally, companies with higher profitability are more likely to avoid tax (Widuri et al., 2020). ROA is measured as follows (Okmawati, 2017):

$$ROA = \frac{Net\ Income}{Total\ Assets} \tag{6}$$

Firm size (SIZE) is measured using the natural logarithm of total assets, a method that provides stability across research periods (Puspita & Febrianti, 2018):

$$SIZE = \ln Total\ Assets \tag{7}$$

## 4. Results and Discussion

Table 2 provides an overview of the research sample utilized in this study. The population data consists of all non-financial sector companies listed on the IDX with ESG scores on the Thomson-Reuters ASSET4 database throughout 2017-2019. This specific period was chosen to avoid the potential impact of COVID-19 pandemic policies, as the Indonesian government provided tax benefits to companies during the pandemic, which might otherwise affect the results by introducing unique conditions for certain periods. Ultimately, 29 companies met the


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established sampling criteria. With an observation period of 3 years, this study comprises 87 observations.

**Table 2. Description of Research Sample**

| No. | Description | Number of Companies |
|---|---|---|
| 1. | The total number of companies listed on the IDX and having ESG (environmental, social, governance) scores on the Thomson-Reuters ASSET4 database in a row during the 2017-2019 period | 41 |
| 2. | Total companies other than the financial sector that are listed on the IDX and have an ESG (environmental, social, governance) score on the Thomson-Reuters ASSET4 database in a row during the 2017-2019 period | (6) |
| 3. | Total Companies reporting net income for the period 2017-2019 | (6) |
| Total companies that are the research sample | | 29 |
| Observation Period | | 3 |
| **Total Observations** | | **87** |

Source: Processed by researchers

**Table 3** presents the descriptive statistics of the main variables used in this study, including tax avoidance (ETR), board gender diversity (BGD), ESG performance, as well as the control variables, return on assets (ROA) and firm size (SIZE). The descriptive statistics include each variable's mean, standard deviation, minimum, and maximum values, providing an initial overview of the data variation within the research sample.

**Table 3. Descriptive Statistics**

| Variable | Observation | *Mean* | Standard Deviation | Min. | Max. |
|---|---|---|---|---|---|
| ETR | 87 | 0.2826971 | 0.1103971 | 0.0984418 | 0.5963551 |
| BGD | 87 | 0.1427442 | 0.1205235 | 0 | 0.4 |
| ESG | 87 | 0.451777 | 0.1858917 | 0.1330019 | 0.8227125 |
| ROA | 87 | 0.0956032 | 0.0980979 | 2.00e-07 | 0.4467578 |
| SIZE | 87 | 17.50624 | 0.9363652 | 15.39096 | 19.67902 |

Source: Processed by researchers

**Table 3** indicates that the average tax avoidance (ETR) is 0.283, with a minimum of 0.098 and a maximum of 0.596, resulting in a standard deviation of 0.11, suggesting generally low compliance levels among the observed companies with minimal variation in ETR values. Board gender diversity (BGD) shows a mean of 0.143, a minimum of 0, and a maximum of 0.4, with a standard deviation of 0.121, indicating low variation in gender diversity. ESG performance scores range from 0.133 to 0.823, with an average of 0.452 (45.2%), reflecting inadequate transparency in ESG disclosures and a standard deviation of 0.186, indicating a relatively even distribution. The control variable, return on assets (ROA), has a mean of 0.096 and a standard deviation of 0.098, demonstrating significant variation. At the same time, the company size


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(SIZE) ranges from 15.39 to 19.68, with an average of 17.51 and a standard deviation of 0.936, suggesting that the companies tend to be larger with little variation in size.

**Table 4. Correlation Analysis**

| Variable | ETR | BGD | ESG | ROA | SIZE |
|---|---|---|---|---|---|
| ETR | 1.0000 | | | | |
| BGD | -0.2932* | 1.0000 | | | |
| ESG | 0.3336* | -0.2697* | 1.0000 | | |
| ROA | -0.2880* | 0.2741* | 0.0627 | 1.0000 | |
| SIZE | 0.1301 | -0.3460* | 0.0554 | -0.3893* | 1.0000 |

*Significant at 5%

Source: Processed by researchers

Based on Table 4, at a significant level of 0.05, the dependent variable, tax avoidance (ETR), shows a positive correlation with the independent variable, ESG performance (ESG), and the control variable, firm size (SIZE). However, the correlation between tax avoidance (ETR) and ESG performance (ESG) is 0.3336, indicating a weak correlation, while the correlation with company size (SIZE) is only 0.1301, suggesting a very weak relationship.

Furthermore, tax avoidance (ETR) has a negative correlation with the independent variable, board gender diversity (BGD), and the control variable, return on assets (ROA). The correlation values for tax avoidance (ETR) with both board gender diversity (BGD) and return on assets (ROA) are also weak. Additionally, the correlation between the independent variable (BGD) and ESG performance (ESG), as well as the correlation between the control variable (ROA) and company size (SIZE), also demonstrate weak or very weak relationships. These findings indicate that no multicollinearity problems were detected among the variables.

Model 1 tests the effect of board gender diversity (BGD) on tax avoidance (ETR). The results of the t-test in model 1 can be seen in Table 5.

**Table 5. Results of Multiple Linear Regression for Model 1**

$$ETR_{i,t} = \alpha + \beta_1 BGD_{i,t} + \beta_2 ROA_{i,t} + \beta_3 SIZE_{i,t} + \varepsilon_{i,t}$$

| Variable | Direction | Coefficient | *p-value* (one-tailed) |
|---|---|---|---|
| constant | | 0.439 | 0.039** |
| Independent | | | |
| Variables: | ( - ) | -0.224 | 0.015** |
| BGD (H1) | | | |
| Control Variables: | | -0.269 | 0.018** |
| ROA | | -0.006 | 0.340 |
| SIZE | | | |
| N = 87 | | | |
| Prob > F = 0.0072 | | | |
| adj. R-squared = 0.1031 | | | |

Source: Processed by researchers

Model 2 tests the effect of board gender diversity (BGD) on ESG performance (ESG).


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**Table 6. Results of Multiple Linear Regression for Model 2**

| $\text{ESG}_{i,t} = \alpha + \beta_1 \text{BGD}_{i,t} + \beta_2 \text{ROA}_{i,t} + \beta_3 \text{SIZE}_{i,t} + \varepsilon_{i,t}$ | | | |
|---|---|---|---|
| **Variable** | **Expected Sign** | **Coefficient** | ***p-value* (one-tailed)** |
| constant | | 0.468 | 0.137 |
| Independent | | | |
| Variables: | ( + ) | -0.476 | 0.004*** |
| BGD (H2) | | | |
| Control Variables: | | 0.284 | 0.098* |
| ROA | | 0.001 | 0.476 |
| SIZE | | | |
| N = 87 | | | |
| Prob > F = 0.0431 | | | |
| adj. R-squared = 0.0601 | | | |

Source: Processed by researchers

Model 3 tests the effect of board gender diversity (BGD) and ESG performance (ESG) on tax avoidance (ETR).

**Table 7. Results of Multiple Linear Regression for Model 3**

| $\text{ETR}_{i,t}= \alpha\beta_1 \text{BGD}_{i,t}\beta_2 \text{ESG}_{i,t}\beta_3 \text{ROA}_{i,t}\beta_4 \text{SIZE}_{i,t}\varepsilon_{i,t}$ | | | |
|---|---|---|---|
| **Variable** | **Expected Sign** | **Coefficient** | ***p-value*(one-tailed)** |
| constant | | 0.351 | 0.071* |
| Independent | | | |
| Variables: | ( - ) | -0.135 | 0.092* |
| BGD (H3) | ( - ) | 0.187 | 0.0015*** |
| ESG (H3) | | | |
| Control Variables: | | -0.323 | 0.005*** |
| ROA | | -0.006 | 0.326 |
| SIZE | | | |
| N = 87 | | | |
| Prob > F = 0.0003 | | | |
| adj. R-squared = 0.1864 | | | |
| | | | |
| *Significance level 10% | | | |
| ** significance level 5% | | | |
| *** significance level 1% | | | |

Source: Processed by researchers


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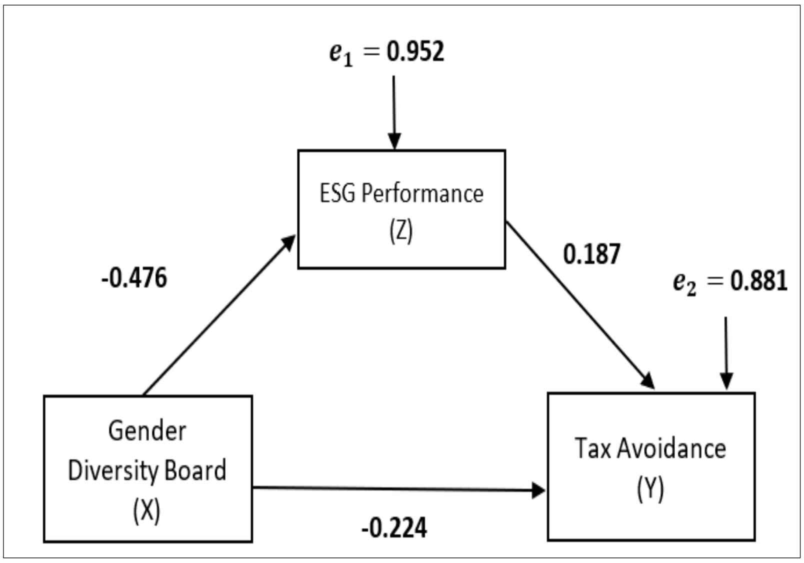


**Figure 2. Path Analysis Results**

### 4.1. The Effect of the Gender Diversity Board on Tax Avoidance

Based on the regression results of model 1 in Table 5, board gender diversity (BGD) has a p-value of 0.015 (one-tailed) with a coefficient of -0.224. This finding indicates that board gender diversity (BGD) significantly and negatively influences ETR, suggesting that higher board gender diversity is associated with lower compliance in fulfilling tax obligations, leading to increased tax avoidance. These findings contradict the first research hypothesis, which proposed that board gender diversity negatively affects tax avoidance by suggesting that greater diversity would reduce tax avoidance. Therefore, the first hypothesis is rejected. These results differ from previous studies, which found that a higher composition of women on the board could reduce tax avoidance (Jarboui et al., 2020; Widuri et al., 2020).

The results obtained do not support the hypothesis formed. Men still dominate the composition of the board of directors in companies, so a female board of directors is less effective in monitoring tax avoidance activities. From a stakeholder theory perspective, the results of this research indicate that the number of female board members is insufficient to strengthen supervision of tax avoidance activities, which is one form of corporate responsibility to stakeholders. Although the governance function can help align the interests of the company and its stakeholders, gender diversity in board composition has not been proven to impact company policy significantly.

The presence of women in board membership is expected to provide new insights and perspectives in decision-making (Rossi et al., 2017). For this reason, diversity on the board can help provide more variety in developing corporate tax planning strategies, including strategies to minimize the tax burden. Apart from that, from the perspective of agency theory, diversity on the board is also expected to align the interests of shareholders with management, where shareholders tend to be attracted by higher levels of tax avoidance so that the profits obtained will increase (Jarboui et al., 2020). So, diversity on the board can avoid conflicts of interest between management and shareholders.

### 4.2. Influence of Board Gender Diversity on ESG Performance

These findings contradict the second hypothesis, which posits that board gender diversity positively affects ESG performance, leading to the rejection of this hypothesis. The results


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suggest that higher board gender diversity is associated with lower ESG performance. These findings align with previous research, concluding that board gender diversity does not enhance ESG performance (Widuri et al., 2020). However, they contradict findings that assert diversity on the board, reflected by the presence of female members, positively influences environmental, social, and economic performance (Naciti, 2019). The current results indicate that the composition of board members in the studied companies is predominantly male, resulting in an unequal representation of women and men. This lack of gender balance hampers the board's ability to effectively enhance the company's economic, environmental, and social performance. While female oversight on boards is expected to help ensure compliance with social and environmental norms (Zaid et al., 2020), their limited influence due to low representation diminishes the board's effectiveness in meeting the company's environmental and social responsibilities. Although diverse board membership can promote transparency and a heightened concern for others' welfare, the male dominance on these boards undermines the potential benefits of diversity, resulting in insufficient improvement in ESG performance (Widuri et al., 2020). The limited presence of women on the board restricts its ability to focus on value creation and sustainability, further hindering progress in ESG performance.

The findings can be interpreted through the lens of stakeholder theory, which emphasizes the importance of meeting the needs of various stakeholders, including those concerned with social and environmental responsibilities. The lack of gender balance on boards suggests that companies may fall short of stakeholder expectations regarding ESG performance. From an agency theory perspective, the predominantly male boards may create conflicts of interest where management prioritizes short-term gains over long-term sustainability and stakeholder interests. The limited involvement of women may hinder the board's ability to provide diverse perspectives that could lead to more balanced decision-making in alignment with stakeholder values, ultimately affecting the company's commitment to ESG initiatives.

### 4.3. The Effect of Board Gender Diversity on Tax Avoidance with ESG Performance as an Intervening Variable

Increased diversity on the board correlates with lower compliance levels, suggesting that the presence of women on the board does not effectively reduce tax avoidance practices. In Indonesia, the composition of boards typically features few or no female members, resulting in women having a limited impact on board decisions regarding tax responsibilities and management's tax avoidance practices. Research has shown that a lack of diversity on boards often leads to increased tax avoidance. In contrast, the intervening variable, ESG performance, exhibits a significant positive influence on ETR. The results indicate improved ESG performance is associated with higher compliance and reduced tax avoidance. Enhancing a company's ESG performance, as measured by environmental, social, and economic scores, can increase transparency regarding all sustainability-related activities. This transparency helps the company better communicate its tax obligations to stakeholders, fostering compliance with regulations.

According to the path analysis results presented in **Figure 1**, the direct influence of board gender diversity on tax avoidance suggests that ESG performance does not serve as an effective intervening variable in the relationship between board gender diversity and tax avoidance, as the direct influence of board gender diversity is stronger than the indirect effect. Consequently, the third research hypothesis is rejected. These findings contradict prior research, which proposed that ESG performance mediates the relationship between board gender diversity and tax avoidance (Jarboui et al., 2020). However, these results confirm that ESG performance does


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not mediate this relationship (Widuri et al., 2020). The test results deviate from the hypothesis, indicating that ESG performance cannot mediate the link between board gender diversity and tax avoidance, largely due to the low representation of women on boards. Even with a limited female presence, companies that actively disclose sustainability activities can enhance transparency through ESG performance. This increased transparency may help build support and credibility among stakeholders, thereby improving the company's reputation. Additionally, it has been noted that companies often prioritize enhancing their environmental and social responsibility performance to boost their reputation over maximizing profits through tax avoidance strategies (Firmansyah & Estutik, 2020).

From the stakeholder theory perspective, the lack of effective mediation by ESG performance suggests that companies are not fully meeting stakeholder expectations regarding transparency and accountability in tax practices. The limited presence of women on boards may hinder the consideration of diverse stakeholder interests, resulting in decisions that do not adequately reflect broader societal concerns. Meanwhile, agency theory highlights the potential conflict between management and shareholders, where focusing on short-term tax avoidance may undermine long-term sustainability goals. The findings indicate that without a balanced board representation, particularly of women, companies may struggle to align their strategic decisions with the interests of their stakeholders, ultimately affecting both compliance and reputation in the realm of ESG performance.

## 5. Conclusion

This research offers empirical evidence on the impact of board gender diversity on tax avoidance, with ESG performance as an intervening variable. It focuses on non-financial companies listed on the Indonesia Stock Exchange (IDX) with ESG scores in the Thomson-Reuters ASSET4 database from 2017 to 2019, totalling 87 observations. Data were collected from the IDX website, company official websites, S&P Capital IQ, and Thomson Reuters ASSET4 and analyzed using multiple linear regression in STATA version 16. The findings reveal that board gender diversity positively influences tax avoidance, implying that increased diversity among board members does not enhance tax compliance. The predominance of male board members in Indonesian companies limits the effective monitoring of corporate activities, including tax avoidance.

Additionally, board gender diversity negatively affects ESG performance, indicating that diverse boards do not improve sustainability initiatives due to the limited presence of women, whose typically higher concern for environmental and social issues fails to enhance corporate performance. The study concludes that ESG performance does not mediate the relationship between board gender diversity and tax avoidance. In contrast, board diversity does not reduce tax avoidance; better ESG performance can help lower it. These findings suggest that increasing transparency through enhanced ESG disclosures can raise corporate awareness of tax compliance even with low board diversity.

Limitations include the small sample size of 87 observations due to the scarcity of non-financial companies with ESG scores and the data limited to the 2017-2019 period. Furthermore, the first and third research models did not meet the normality and heteroscedasticity tests. Future research could investigate alternative tax avoidance measurement methods, such as the cash effective tax rate (CETR) or book-tax differences, and examine corporate governance mechanisms beyond board gender diversity that may influence tax avoidance. Additionally, exploring different approaches to assessing ESG performance, in addition to the Thomson-Reuters ASSET4 ESG score, would be beneficial. Future research should also consider the


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impact of the COVID-19 pandemic on tax compliance and avoidance behavior, focusing on how tax benefits and special government treatment during this period influenced corporate governance dynamics. Analyzing data from the post-pandemic era will better help assess whether trends observed before the pandemic have changed and how these changes may interact with gender diversity in tax practices, ultimately providing a more comprehensive understanding of Indonesia's evolving corporate governance and tax landscape compliance. Gender diversity in corporate governance is important because it can bring more diverse perspectives to decision-making, increase innovation, strengthen compliance with social responsibility and sustainability, and help reduce conflicts of interest. The practical contribution is that increasing gender diversity on boards can improve overall company performance and stakeholder relationships, thereby supporting sustainability goals and regulatory compliance.

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## 7. Declaration of Conflicting Interests

The authors have declared no potential conflicts of interest concerning this article's research, authorship, and/or publication.

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