

---

# The Influence of Female Board Member, Political Connections, and Independent Commissioners on Tax Avoidance of Property and Real Estate Companies

The Influence of Female Board Member, Political Connections, Independent Commissioners

127

Tonny Stephanus Eoh<sup>1</sup> and Nicki Siswandi Prayoga<sup>2</sup>

Received 15 June 2023

Revised 25 July 2023

Accepted 28 July 2023

## Abstract

The objective of this research was to investigate the potential impact of female board member, political connections, and independent commissioners on tax avoidance, with leverage, firm size, and firm age as control variables. The study was carried out on IDX-listed property and real estate firms during the period spanning from 2017 to 2022. The present investigation employs secondary data sourced from property and real estate firms that are indexed on the IDX covering the period from 2017 to 2022. The study utilized a sample of 41 firms operating in the property and real estate sector. The employed methodology involves the utilization of panel data regression analysis through the utilization of the STATA software. The findings of this research indicate that tax avoidance is not influenced by female board member and independent commissioners, whereas political connections have a favorable impact on tax avoidance. Furthermore, it is observed that leverage acts as a control variable and exerts a positive influence on tax avoidance. Conversely, firm size displays a negative impact on tax avoidance, while firm age does not exhibit any significant effect on tax avoidance.

**Keywords:** Female board member, political connections, independent commissioners, tax avoidance, leverage, firm size, firm age.

## Introduction

Tax avoidance refers to a scheme that seeks to minimize the tax liability by identifying and capitalizing on gaps in a nation's tax regulations, without contravening the tax laws. However, this practice can have adverse effects on a country's tax revenues (Catrine, 2021). Globalization presents opportunities for multinational corporations to circumvent international taxes through the exploitation of differential tax treatment offered by various countries, thereby avoiding not only domestic taxes but also international taxes. Multinational corporations have the ability to exploit varying tax rates that are applicable to their subsidiaries, thereby transferring profits to countries with lower tax rates. The act of exploiting variations in the treatment of an entity between two countries can result in the attainment of international tax avoidance. Divergent tax treatment of financial instruments across jurisdictions may give rise to prospects of tax avoidance (Sadiq et al., 2019, pp. 774–775). Yet basically, tax avoidance is not considered illegal (Sadiq et al., 2019, p. 770).

Gender is one of the variables employed in this research to evaluate tax avoidance in relation to the demographic attributes of upper management. According to Teodósio's (2021) research, there is evidence to suggest that women exhibit a tendency towards less risky decision-making as compared to men. Furthermore, the inclusion of women in decision-making processes has been found to mitigate various risks such as litigation risk, failure risk, financial risk, manipulation risk, and operational risk for companies. The aforementioned statement aligns with the findings of a study carried out by Duong dan Pallasch (2021), which utilized data collected from the stock exchanges of British public companies spanning the years 2007 to 2015. According to their research, female Chief Financial Officers exhibit a lower likelihood of being linked to tax aggressiveness in comparison to their male counterparts.



International Journal of  
Organizational Behavior  
and Policy

Vol. 2, No. 2, July 2023  
pp. 127-140

Department Accounting, UKP  
eISSN 2961-9548

DOI 10.9744/ijobp.2.2.127-140

---

<sup>1,2</sup>Tax Accounting Program, School of Business and Management, Petra Christian University  
Jl. Siwalankerto 121-131, Surabaya, INDONESIA  
Corresponding author; Email: [tonny\\_eoh@petra.ac.id](mailto:tonny_eoh@petra.ac.id)

The findings diverge from prior scholarly investigations, which suggest that the inclusion of women in upper echelons of management curbs risk-taking behavior. However, the correlation between gender and tax evasion exhibits irregularities. The study conducted in China involved a sample of 7005 companies listed on the Shanghai and Shenzhen stock exchanges between 2010 and 2015. The findings revealed that female chief executive officers exhibited lower levels of avoidance behavior compared to their male counterparts (Chang et. al., 2019). Xiaoxia et al. (2022) conducted additional research utilizing data pertaining to companies that were registered in China between 2009 and 2016. The present research presents empirical evidence indicating that companies led by female CFOs exhibit a higher degree of assertive tax evasion. This is attributed to the fact that female CFOs, acting as rational economic agents, make decisions regarding taxes by weighing the costs and benefits associated with tax avoidance activities (Xiaoxia et. al., 2022).

The tax avoidance behavior of companies can be influenced by political connections within their top management. Indonesia has witnessed a number of noteworthy cases in the property and real estate industry, such as the Lippo Group's provision of gratuities to officials, including the Bekasi Regent, to obtain a business license for a property project in the Bekasi region (Rachman, 2019). The second instance involving PT Agung Podomoro Land pertains to the decision made by the Corruption Eradication Commission (KPK), which has identified the President Director of the aforementioned company as a suspect in an alleged bribery case involving members of the DKI Jakarta's Regional People's Representative Assembly (DPRD). Allegations of bribery have been reported in relation to the discussion of draft regional regulations, which pertains to the zoning of coastal areas and small islands in Jakarta Province from 2015 to 2035, as well as draft regional regulations concerning the spatial planning for strategic areas of Jakarta Beach (Kami, 2016). Malpractice business activities are frequently linked to political connections among these instances. The study conducted by Khlif dan Amara (2019) utilized a sample size of 35 countries and gathered data from the Global Competitiveness Report 2008-2009 and the corruption perceptions index of 2007. The findings of the study indicate a positive correlation between political connections and tax evasion. Furthermore, the strength of this relationship is heightened in environments with elevated levels of corruption.

An additional aspect that warrants investigation pertains to the potential impact of an independent commissioner on the company's tax avoidance practices. According to Masrurroch's (2021) study findings, independent commissioners exert an impact on tax avoidance. The establishment of an autonomous commissioner serves as a mechanism to deter tax evasion practices commonly employed by property and real estate enterprises. An increase in the number of independent commissioners can lead to a greater degree of control over management behavior by multiple parties. Consequently, this can result in a decreased likelihood of management taking action to evade taxes (Masrurroch et. al., 2021).

The study utilized a sample of property and real estate firms listed on the IDX during the period of 2017-2022. The present study was undertaken to investigate the potential impact of female board member, political connections, and independent commissioners on the phenomenon of tax avoidance among property and real estate firms that are publicly listed on the IDX.

## **Literature Review**

### **Agency Theory**

Jensen dan Meckling's (1976) exposition of agency theory elucidates the dynamic interplay between managers, who act as agents and owners, who act as principals. The principal-agent theory posits that principals delegate decision-making authority to managers, who are entrusted with the responsibility of acting in the best interests of the principal. Asymmetric information

within the context of agency theory gives rise to challenges in the relationship between shareholders and managers, who act as agents. Managers possess information that is not under the ownership of the principal. Managers possess information that is not under the ownership of the principal, which can have adverse effects on the principal (Jensen & Meckling, 1976). The phenomenon of high tax aggressiveness may arise due to conflicts that exist between principals and agents. Agents have a tendency to prioritize their own interests, which may not align with the preferences and objectives of shareholders. The existence of divergent interests and objectives between shareholders and management gives rise to conflicts, which are commonly explained by the agency theory (Nguyen et. al., 2019).

### **Stakeholder Theory**

Freeman (1984) proposed the Stakeholder Theory, which posits that management bears a moral responsibility to weigh and harmonize the concerns of stakeholders when making decisions or managing a business. The term “stakeholders” pertains to any collective or individual entities that possess sway or experience consequences, whether positive or negative, as a result of the decisions or actions executed by the organization (Chouaibi et. al., 2022). The present theory posits that groups or individuals with political connections have the ability to confer advantages and wield sway over corporate decision-making with regard to the practice of tax evasion.

### **Variables**

#### ***Gender***

The present study examines the gender context by analyzing the ratio of female board members to the total number of boards within the company. The determination of gender is contingent upon the proportion of female councilors, with high or low values serving as the basis for such determination. A positive correlation exists between the proportion of women on board and the number of women in the company, whereby a higher proportion indicates a greater presence of women, while a lower proportion suggests a lower representation. According to the study by Boussaidi dan Sidhom (2021), a sample comprising all non-financial firms that were listed on the Tunisian Stock Exchange (TSE) from 2011 to 2017 was utilized. The research findings stated that the inclusion of women on corporate boards has a notable impact on the management’s engagement in tax aggressive practices and the overall risk of the company in terms of tax position stability (Boussaidi & Sidhom, 2021).

#### ***Political Connections***

The phenomenon of political connections pertains to the occurrence of a relationship between members of parliament and a company’s leadership, particularly when the latter includes individuals who have previously or are currently serving as members of the board, such as the CEO, President Director, Vice President Director, Directors, or Secretary of the Board of Directors. It can be posited that a significant stakeholder holds a position on the board of directors. The establishment of connections between corporate leaders, significant shareholders, or family members of politicians or state officials can result in interactions with ministers or heads of state. The scope of this association may encompass a marital partner (i.e., husband or wife), offspring, siblings, or progenitors. The phenomenon of company connections with high-ranking officials occurs when an individual who holds a position as head of state, prime minister, member of parliament, or has affiliations with political parties also serves as the head of a company or holds a significant stake in the company (Wati & Momon, 2020, p. 1).

#### ***Independent Commissioners***

As per the guidelines outlined in Article 1 Paragraph 4 of the Financial Services Authority’s (FSA) Regulation No. 33 of 2014, the selection of an independent commissioner pertains to an individual

who is not affiliated with a public company or issuer and is a member of the board of commissioners. According to Article 21 Paragraph 2, Independent Commissioners are subject to specific requirements. These requirements entail refraining from involvement in the planning, leadership, control, or supervision of the company within the preceding six months, unless they are to be reappointed as Independent Commissioners in the subsequent period. In addition, Independent Commissioners cannot hold any share in the company, either directly or indirectly, and cannot be affiliated with the company, its Board of Commissioners, Board of Directors, or significant shareholders. Moreover, independent commissioners may not have any direct or indirect business relationships that are related to the company's business.

#### *Tax Avoidance*

Tax avoidance is a strategy used to minimize tax liability by exploiting loopholes or exemptions in a jurisdiction's tax regulations. Tax avoidance is the practice by which a person or organization reduces their tax liability by exploiting loopholes or ambiguities in tax laws, resulting in a payment that is less than what would be owed if tax laws were rigorously adhered to. Taxpayers attempt to circumvent taxes by establishing structures or transactions that allow gains to be taxed at a lower rate than their actual value. Taxpayers may defer tax payments through a variety of means, thereby postponing tax payment until a later date (DDTCNews, 2016).

#### **Hypothesis Development**

##### *The Impact of Female board member on Tax Avoidance*

Corporate tax avoidance is a strategic approach utilized by businesses to minimize their tax liabilities, which is dependent on organizational strategy and leadership qualities. According to Jarboui et al.'s (2020) study, there is a negative correlation between the proportion of women on corporate boards and the frequency of tax evasion. The authors argue that the presence of women on board deters opportunistic behavior in tax evasion, which could compromise the maximization of profits. Additional research demonstrates a statistically significant inverse correlation between the proportion of women on corporate board and the extent of tax avoidance. This because a higher proportion of women on corporate boards can increase the efficiency of corporate surveillance and decrease tax evasion (Widuri et al., 2020).

Vacca et al.'s (2020) study reveals a variety of findings. Notably, the research shows that the appointment of woman to executive positions within corporations does not reduce the tax aggressiveness of corporate decision-makers. According to a study by Zirgulis et al., (2022), the appointment of a female CEO correlates with a decrease in the effective tax rate, indicating a greater degree of tax aggressiveness.

**H<sub>1</sub>:** Female board member has a negative impact on tax avoidance.

##### *The Impact of Political Connections on Tax Avoidance*

Lin et al. (2018) examined the impact of corporate board relationships with legislators on the efficacy of Chinese tax authorities in combating tax evasion. In a politically regulated economy, corporations with political connections on their boards of directors can impede the efficient implementation of tax compliance, according to the research. Kim dan Lee found a correlation between the quality of CEOs' familial, academic, and professional relationships with politicians and the level of risk associated with their strategic decision-making. Specifically, their findings suggest that CEOs with stronger political ties are more likely to engage in activities such as tax evasion. According to recent research conducted by Fan and Chen (2022), there is no significant difference in tax aggressiveness between innovative companies with political connections and those without such connections.

**H<sub>2</sub>:** Political connections has a positive impact on tax avoidance.

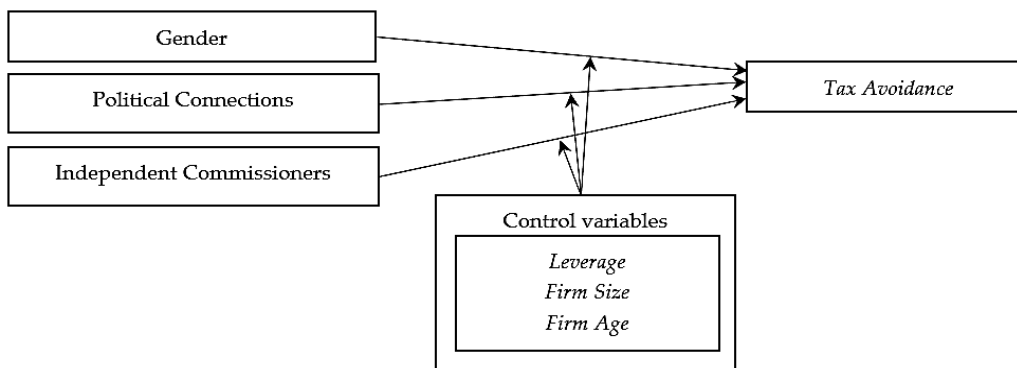
**The Impact of Independent Commissioners on Tax Avoidance**

According to Alam dan Fidiana (2019) study, the existence of an independent commissioner can have a detrimental effect on corporate tax evasion. This is due to the fact that the independent commissioner serves as a supervisor within the company and is required to maintain impartiality at all times. The process of making policy decisions is overseen by autonomous commissioners who ensure that conflicts of interest are avoided through the careful balancing of said decisions. It is anticipated that an increased representation of autonomous commissioners would diminish the probability of the corporation engaging in tax evasion. The findings presented here diverge from those reported by Fitria dan Rani (2018), who contend that the magnitude of the independent board of commissioners' membership does not exert any impact on corporate policy determinations (specifically, tax avoidance).

**H<sub>3</sub>:** Independent Commissioners has a negative impact on tax avoidance.

**Methodology**

**Analysis Model**



**Figure 1.** Research Analysis Model

In order to validate the hypothesis posited in this study, the methodology employed will involve the utilization of multiple linear regression analysis. The present investigation employs the subsequent analysis model, figure 1 – Research Analysis Model. Utilizing the aforementioned analysis model, the researcher constructs a model in the form of an equation, as presented below:

$$TaxAvoidance_{i,t} = \alpha + \beta_1 Gen_{i,t} + \beta_2 KP_{i,t} + \beta_3 KI_{i,t} + \beta_4 Leverage_{i,t} + \beta_5 FirmSize_{i,t} + \beta_6 FirmAge_{i,t} + \epsilon_{i,t} \tag{3.1}$$

Notes:

- TaxAvoidance<sub>i,t</sub> : Corporate Tax Avoidance
- α : Constant
- β<sub>1</sub>, β<sub>2</sub>, β<sub>3</sub>, β<sub>4</sub>, β<sub>5</sub>, β<sub>6</sub> : Variable Regression Coefficient
- Gen<sub>i,t</sub> : Corporate Board Female board member
- KP<sub>i,t</sub> : Corporate Board Political Connections
- KI<sub>i,t</sub> : Corporate Independent Commissioners
- Lev<sub>i,t</sub> : Leverage
- FirmSize<sub>i,t</sub> : Firm Size
- FirmAge<sub>i,t</sub> : Firm Age
- ε<sub>i,t</sub> : Error

**Description of Population, Sample, Sampling Technique, and Unit of Analysis**

The study will utilize quantitative data for analysis. The present study will utilize secondary data derived from the financial reports of the company, as well as the Refinitiv Workspace database

and the IDX website. The temporal scope of the data employed in this investigation encompasses the period spanning from 2017 to 2022. The present investigation's cohort comprised 79 enterprises operating within the property and real estate industry. Purposive sampling was conducted based on specific criteria from the entire sample:

1. Undergone an Initial Public Offering (IPO) or had been registered on IDX prior to the year 2017.
2. Provide comprehensive financial statements spanning the period from 2017 to 2022.

Following purposive sampling, a total of 41 companies were selected as the sample for hypothesis testing.

**Table 1.** Conceptual and operational definitions of variables

Variables	Operational Definitions
Female board member	<p>The female board member variable measurement entails computing the total proportion of women serving on the company board, which is achieved by dividing the total number of female board members by the overall number of board members (Martínez &amp; Rambaud, 2019)</p> $Gender = \frac{Female\ board\ members}{Male + Female\ board\ members} \quad (3.2)$
Political Connections	<p>The determination of the political connection variable to be assessed involves the computation of the ratio of politicians or officials serving on the company board, which is obtained by dividing the overall number of board members who are politicians or officials by the total number of company board members (Yusoff et. al., 2015)</p> $Political\ Connections = \frac{Politics\ board\ members}{Total\ board\ members} \quad (3.3)$ <p>This study focuses solely on the extent of political connections within the corporate board. The scope of the council of politicians or officials in this study is restricted to individuals who are presently affiliated with a political party, representative council, assembly, regional representative, international organization, ministry, or hold a leadership position.</p>
Independent Commissioners	<p>The quantification of independent commissioners will be assessed based on the overall count of independent commissioners serving on the board (Potharla &amp; Amirishetty, 2021).</p> $KI = number\ of\ independent\ commissioners \quad (3.4)$
Tax avoidance	<p>Tax avoidance is calculated using the Cash Effective Tax Rate (CETR), which is the result of dividing the payment of taxes in the current year by earning before tax in the current year (Sarpingah, 2020).</p> $CETR = \frac{Payment\ of\ taxes}{Earning\ before\ tax} \quad (3.5)$
Leverage	<p>The utilization of measurement will be conducted through the computation of a ratio obtained by dividing the total debt by the total assets (Sutrisno et. al., 2023).</p> $Leverage = \frac{total\ debt}{total\ assets} \quad (3.6)$
Firm Size	<p>Firm size measurement uses the natural logarithm of total assets. Total company assets are obtained by adding up current assets with non-current assets contained in the statement of financial position (Sutrisno et. al., 2023).</p> $Firm\ Size = Ln (Total\ Assets) \quad (3.7)$
Firm Age	<p>The age of the firm will be determined by subtracting the year of registration as a limited company or IPO company from the year of observation (Mazhar, 2021)</p> $Firm\ Age = Tahun\ pengamatan - IPO\ year \quad (3.8)$

## Analysis and Discussion

### Overview of the Study Population

The present investigation employs financial data extracted from annual reports pertaining to the property and real estate industry, spanning the period from 2017 to 2022. The study employs purposive sampling techniques, resulting in a reduction of the sample size from 79 to 41 companies. The subsequent information pertains to the process of sample selection.

**Table 2.** Sample determination results

No	Criteria	Total
1	Property and real estate companies listed on the IDX in 2017-2022	79
2	New property and real estate company IPO from 2017-2022	(33)
3	Does not provide complete financial statements from 2017-2022	(5)
Total Sample		41

### Descriptive Statistics

The tabulated data presented below is the outcome of the descriptive statistical analysis conducted in the present investigation.

**Table 3.** Results of descriptive statistical analysis

Variable	Obs	Mean	Std.dev	Min	Max
Female board member	240	0.20317	0.16876	0	0.67
Political Connections	240	0.04629	0.07215	0	0.30
Independent Commissioners	240	1.75833	0.80267	1	4
Leverage	240	0.21538	0.13159	0.01	0.57
Firm Size	240	29.44183	1.33146	25.6318	31.8054
Firm Age	240	18.02083	9.01855	2	33
Tax avoidance (CETR)	240	-0.00177	0.00363	-0.0143	0.00797

The variables encompassed in this study can be utilized to depict the outcomes of the aforementioned data. The female board member variable is considered as the independent variable in this study, and its measurement is based on the proportion of women serving on the board. A higher proportion value indicates a greater presence of women on the company's board.

The average value produced by the data is 0,2058537. This value indicates that during the period of 2017-2022, the presence of women on corporate board is approximately 20%. The minimal score is 0,0%, all boards consist of men, and PT Sentul City Tbk is one of them in 2019. The maximum score is 67% with the proportion of boards of 4 women and 2 men in PT Ristia Bintang Mahkotasejati Tbk in 2021. The following independent variable is political connections as measured by the proportion of the board that has been or is currently an official or politician. The average value for this variable is 0,04, indicating that, on average, 4% of the boards of the companies in this study sample have been or are currently officials or politicians. The utmost value is 0,3, with a proportion of three out of ten boards at PT Lippo Cikarang Tbk in 2019 comprising officials or politicians. The next independent variable is the number of independent commissioners on the board, which is the independent commissioner. The data yields a mean value of 1,7. This value means that during the 2015-2022 period, there will be around 1 to 2 independent commissioners on the company's board. The maximum value is 4 independent commissioners at PT Metropolitan Kentjana Tbk in 2019. In the Table 3, CETR is an indicator of tax avoidance which is the dependent variable. The mean value of the CETR in the sample is 0,09 and the standard deviation is 0,26. The value of the mean is less than the standard deviation, indicating that the used data is heterogeneous or varies from one instance to another.

The first control variable is leverage which shows an average value of 21%, which means that on average the companies in this study use 21% of their total assets to finance their debts.

However, this average figure is still quite small when compared to the highest value which reached 57%. The next control variable is firm size which shows an average value of 29.33 with the highest value of 31.80. The next control variable is firm age, which shows an average value of 18.25, with the highest value being 33.

### Normality Test

The normality test in this study was carried out through the Skewness and kurtosis tests. Data is considered normally distributed, if the significance of the Skewness and kurtosis test is more than 0.05 ( $> 0.05$ ). As can be seen in the Figure 2, the Prob>chi2 number from the Skewness and kurtosis test results is 0.1714 which is in accordance with the significance value to be able to say that the data is normally distributed, i.e.  $> 0.05$ , so from these results it is concluded that the data is normally distributed.

Skewness and kurtosis tests for normality

Variable	Obs	Pr(skewness)	Pr(kurtosis)	Joint test	
				Adj chi2(2)	Prob>chi2
res	240	0.8632	0.0625	3.53	0.1714

Figure 2. Skewness and kurtosis test results

### Multicollinearity Test

In order to conduct the multicollinearity test, the tolerance value and variance inflating factor (VIF) were analyzed. If the  $VIF < 10$  and the tolerance value  $> 0.10$ , the data are deemed free of multicollinearity.

Table 4. Multicollinearity test result

Variable	VIF	1/VIF	Result
Female board member	1,19	0,838106	Multicollinearity does not exist
Political Connections	1,15	0,868787	Multicollinearity does not exist
Independent Commissioners	1,16	0,864181	Multicollinearity does not exist
Leverage	1,12	0,891604	Multicollinearity does not exist
Firm Size	1,37	0,728933	Multicollinearity does not exist
Firm Age	1,07	0,931410	Multicollinearity does not exist

In Table 4, the results of the multicollinearity test for each variable indicate that the VIF and 1/VIF (Tolerance) values are less than 10 and greater than 0.1. This demonstrates that multicollinearity does not exist.

### Heteroscedasticity Test

Presented in Table 5 the outcomes of the multicollinearity test conducted on each of the independent variables. Table 5 indicates that the  $P > |t|$  values, or the significance levels of the variables, exceed 0.05. This observation indicates the absence of heteroscedasticity symptoms.

Table 5. Heteroscedasticity test result

Variables	$P >  t $	Results
Female board member	0,064	Heteroscedasticity does not exist
Political Connections	0,278	Heteroscedasticity does not exist
Independent Commisioners	0,550	Heteroscedasticity does not exist
Leverage	0,711	Heteroscedasticity does not exist
Firm Size	0,155	Heteroscedasticity does not exist
Firm Age	0,140	Heteroscedasticity does not exist



**Hypothesis Test (T)****Table 6.** Hypothesis test results

Model	Coefficient	T	P> t
_Cons	0,0134744	2,39	0,017
Female board member	0,0009290	0,64	0,526
Political Connections	0,0096974	2,89	0,004
Independent Commissioners	-0,0001376	-0,45	0,650
Leverage	0,0062461	3,44	0,001
Firm Size	-0,0005652	-2,84	0,005
Firm Age	-0,0000192	-0,74	0,460

**The Impact of Female board member on Tax Avoidance**

The results of the t test on the effect of female board member on tax avoidance yield a coefficient of 0,000929 and a significance value of 0,526. The value of a significance greater than 5% indicates that female board member has no effect on corporate tax avoidance, so the null hypothesis (H<sub>0</sub>) is accepted. According to research findings, there is no significant correlation between the percentage of women serving on a board and the level of tax avoidance. The findings of the present study align with those of Mala and Ardiyanto (2021), indicating that board member selection is predicated on professional qualifications rather than female board member. The presence of female board member diversity on corporate boards does not have a significant impact on the tax avoidance practices of companies. There exists no discernible distinction between men and women with regards to their proclivity for engaging in tax avoidance practices. The attainment of quality employment outcomes is not impeded by an individual's female board member.

**The Impact of Political Connections on Tax Avoidance**

The results of the t test on political connections to tax avoidance produce a coefficient of 0.0096974 and a significance value of 0.004. The value of a significance less than 5% gives the result that political connections have an influence on tax avoidance, so that H<sub>2</sub> is accepted. The present discovery aligns with the investigation carried out by Lin et al. (2018), which elucidates the advantages that corporations accrue from their political connections, such as reduced tax payments, weakened tax enforcement, and lowered exposure to penalties in the event of tax avoidance detection (Lin et al., 2018). Consistent with Utari and Supadmi (2017) findings, other studies have also demonstrated that numerous conglomerates participate in political affairs, leading to a dichotomy of interests between corporate and public interests. From one perspective, in their capacity as agents of government operations, they bear a responsibility to augment the fiscal resources of the state. On the contrary, in their capacity as proprietors of the company, they possess a vested interest in enhancing the organization's efficacy and realizing a profitable yield on their capital. Tax avoidance can be utilized as a means to attain this objective (Utari & Supadmi, 2017).

**The Impact of Independent Commissioners on Tax Avoidance**

The results of the t test on the independent commissioner for tax avoidance gave a coefficient of -0,0001376 with a significance value of 0,650. The result of a significance greater than 5% indicates that the existence of an independent commissioner has no effect on the company's tax avoidance practices. The present discovery is consistent with the investigation carried out by Fitria and Rani (2018), which determined that the inclusion of independent commissioners on the board of commissioners does not possess the capability to impact organizational policy resolutions in the implementation of tax evasion. This phenomenon may arise due to challenges in achieving

harmonious coordination between independent members of the board of commissioners and the management team. The previously stated condition poses a hindrance to the execution of the oversight function, which is the responsibility of independent members of the board of commissioners. Consequently, the efficacy of company management oversight cannot be solely attributed to the quantity of independent members of the board of commissioners (Fitria & Rani, 2018).

#### **The Impact of Leverage on Tax Avoidance**

The results of the t test on leverage for tax avoidance show a coefficient of 0,0063461 with a significance value of 0,001. Significance results that are less than 5% give leverage results that have an influence on tax avoidance practices. This discovery aligns with the research conducted by Hermawan et al. (2021), which determined that there exists a positive correlation between the level of corporate debt and the extent of tax avoidance undertaken by the firm. Enterprises require supplementary capital to conduct their day-to-day operations, which can be obtained from either proprietors or creditors. In the event that a company carries a substantial debt load owed to creditors, the corresponding loan interest payments required of said company will proportionally increase. The company's profitability may be impacted over a specific time frame due to the presence of interest expenses (Hermawan et. al., 2021).

#### **The Impact of Firm Size on Tax Avoidance**

The results of the t test on firm size for tax avoidance give the result of a coefficient of -0.0005652 and a significance of 0.005. Significance results that are less than 5% give firm size results that have an influence on tax avoidance. This discovery aligns with the research conducted by Fauzan et al. (2019), which posits that the size of a firm has an influence on tax evasion. There is a positive correlation between the size of a firm and the level of effort exerted by its management to uphold the company's reputation, which does not necessarily affect the likelihood of tax evasion. One possible explanation for this phenomenon is that larger corporations tend to refrain from utilizing their influence to engage in tax planning, due to the potential risks associated with regulatory decision targets (Fauzan et. al., 2019).

#### **The Impact of Firm Age on Tax Avoidance**

The results of the t test on the effect of firm age on tax avoidance give a coefficient of -0,0000192 and a significance of 0,460. The result of a significance greater than 5% indicates firm age has no effect on the company's practice of tax avoidance. The findings presented herein are consistent with the research conducted by Indriani & Juniarti (2020), which posits that the age of a company does not have a significant impact on its propensity to engage in tax evasion. This is due to the fact that established companies with Tbk status bear significant responsibility on behalf of the organization and have already implemented effective risk management practices. Hence, it can be posited that well-established companies are less likely to engage in tax evasion due to the potential loss of trust that has been cultivated over a prolonged period (Indriani & Juniarti, 2020).

The obtained regression model is based on the results of the panel data regression analysis, as represented in the equation.

$$Y = 0,0134744 + 0,000929 \text{ Female board member} + 0,0096974 \text{ KP} - 0,0001375 \text{ KI} + 0,0062461 \text{ Lev} - 0,0005652 \text{ Firm size} - 0,0000192 \text{ Firm age} + e$$

#### **Model Feasibility Test**

##### ***Determination Coefficient Test***

Based on the R-Square test results for the coefficient of determination, Table 7 displays the R-Square test results for the coefficient of determination. The outcomes of the equation in table 7

yield an R2 value of 0,0981. The dependent variable is explained by these findings to the extent of 9,81%, while the remaining 90,1% is influenced by other research models.

**Table 7.** Determination coefficient test results

R Square	Adjusted R Square	Root MSE
0,0981	0,0749	0,00349

- a. Predictors: (Constant), female board member, Political Connection, Independent Commissioner, leverage, firm size, firm age,
- b. Dependent variable: tax avoidance

**Simultaneous Test (F Test)**

The results of the simultaneous test (F Test) in the study are as in Figure 3.

Source	SS	df	MS	Number of obs	=	240
Model	.000309051	6	.000051509	F(6, 233)	=	4.22
Residual	.002841739	233	.000012196	Prob > F	=	0.0005
				R-squared	=	0.0981
				Adj R-squared	=	0.0749
Total	.00315079	239	.000013183	Root MSE	=	.00349

**Figure 3.** Simultaneous test results

Figure 3 depicts the outcomes of the F test based on the comparison of the F count and F table, as well as the significance value derived from these equations. The F test for this equation yields  $F_{count} 4,22 > F_{table} 2,13$  and Prob > F indicating a significance level of 0,0005 or less than 5%. Thus, female board member, political connections, and independent commissioners become independent variables, while leverage, firm size, and firm age become control variables that influence tax avoidance simultaneously.

**Conclusions and Recommendations**

The purpose of this study was to examine the impact of female board member, political connections, and independent commissioners on tax avoidance, with leverage, firm size, and firm age as control variables. Based on the results of data analysis, it can be concluded that: (1) Female board member has no effect on tax avoidance, (2) Political connections have a positive effect on tax avoidance, (3) Independent commissioners have no effect on tax avoidance, (4) Leverage as a control variable has a positive effect on tax avoidance, (5) As a control variable firm size has a negative effect on tax avoidance, (6) As a control variable firm age has no effect on tax avoidance.

The authors have put forth various recommendations based on the findings of the conducted studies. In anticipation of future scholarly inquiry, we aspire that our current investigation can furnish additional empirical evidence pertaining to tax avoidance strategies within property and real estate enterprises, while taking into account the pertinent variables and sample size.

One potential limitation of this study is its reliance on a sample of companies operating within the property and real estate sectors, specifically those listed on the IDX between the years 2017 and 2022. Subsequent research endeavors aim to broaden the spectrum of the study population to enhance the depiction of corporate tax evasion among entities listed on the IDX. The constraints pertaining to the political connection factor are restricted to the historical and present involvement of the board of directors and board of commissioners as public servants or political figures. Furthermore, the inclusion of additional variables may serve to broaden the scope of inquiry into the factors that impact tax avoidance in Indonesia.

## References

- Alam, M. H. & Fidiana. (2019). Pengaruh manajemen laba, likuiditas, leverage dan corporate governance terhadap penghindaran pajak. *Jurnal Ilmu dan Riset Akuntansi*, 8(2).
- Ambarsari, D., & Pratomo, D. (2019). Pengaruh ukuran dewan, gender diversity pada dewan, dan kualitas auditor eksternal terhadap agresivitas pajak. *Jurnal Ilmiah Akuntansi*, 17(2), 142–157.
- Annisa, N. R. (2023). The influence of CEO character on *tax avoidance* in *property* and *real estate* companies listed on the indonesia stock exchange 2020-2021. *Return: Study of Management, Economic and Bussines*, 2(05), 442–255.
- Boussaidi, A., & Sidhom, M. H. (2021). Board's characteristics, ownership's nature and corporate tax aggressiveness: New evidence from the Tunisian context. *EuroMed Journal of Business*, 16(4), 487–511. <https://doi.org/10.1108/EMJB-04-2020-0030>
- Budiana, E., & Kusuma, H. (2022). The relationship between gender diversity and *tax avoidance* practices. *International Journal of Research in Business and Social Science (2147- 4478)*, 11(8), 241–250. <https://doi.org/10.20525/ijrbs.v11i8.2176>
- Catrine. (2021). *Apa Bedanya Tax avoidance dan Tax Evasion ?* Retrieved from pajakku. <https://www.pajakku.com/read/5f6ad6402712877582239046/Apa-Bedanya-Tax-Avoidance-dan-Tax-Evasion-?->
- Chang, M.-L., Huang, D.-F., Ting, C.-C., & Chang, H.-S. (2019). Gender, Political Connection, and *Tax avoidance* in China. *Theoretical Economics Letters*, 09(08), 2839–2863. <https://doi.org/10.4236/tel.2019.98178>
- Chouaibi, J., Rossi, M., & Abdessamed, N. (2022). The effect of corporate social responsibility practices on *tax avoidance*: An empirical study in the French context. *Competitiveness Review: An International Business Journal*, 32(3), 326–349. <https://doi.org/10.1108/CR-04-2021-0062>
- DDTCNews. (2016, September 28). *Memahami Arti Tax avoidance*. Retrieved from DDTCNews. <https://news.ddtc.co.id/memahami-arti-tax-avoidance-8049>
- Duong, L., & Pallasch, P. (2021). An examination of female CEOs and corporate tax aggressiveness: An interactive effects. *Accounting, Organization & Economics*, 01(01), 39–51.
- Fan, H., & Chen, L. (2022). Political connections, business strategy and tax aggressiveness: Evidence from China. *China Accounting and Finance Review*. <https://doi.org/10.1108/CAFR-07-2022-0086>
- Fauzan, F., Ayu, D. A., & Nurharjanti, N. N. (2019). The effect of audit committee, leverage, return on assets, company size, and sales growth on *tax avoidance*. *Riset Akuntansi dan Keuangan Indonesia*, 4(3), 171–185. <https://doi.org/10.23917/reaksi.v4i3.9338>
- Fen, S., & Riswandari, E. (2019). Effect of executive compensation, representatives of female cfo, institutional ownership and company sizes on tax agressivity measures. *Economics and Accounting Journal*, 2(2), 104. <https://doi.org/10.32493/eaj.v2i2.y2019.p104-123>
- Fitria, L., & Rani, P. (2018). Pengaruh kepemilikan institusional, dewan komisaris independen, intensitas aset tetap, koneksi politik dan leverage terhadap *tax avoidance*. *Akuntansi Responsibilitas Audit dan Tax*, 1(2).
- Hermawan, S., Sudradjat, S., & Amyar, F. (2021). Pengaruh profitabilitas, leverage, ukuran perusahaan terhadap *tax avoidance* perusahaan *property* dan *real estate*. *Jurnal Ilmiah Akuntansi Kesatuan*, 9(2), 359–372. <https://doi.org/10.37641/jiakes.v9i2.873>
- Hoseini, M., Safari Gerayli, M., & Valiyan, H. (2019). Demographic characteristics of the board of directors' structure and *tax avoidance*: Evidence from Tehran Stock Exchange. *International Journal of Social Economics*, 46(2), 199–212. <https://doi.org/10.1108/IJSE-11-2017-0507>
- Indarto, B. A., & Widarjo, W. (2021). Political connections and *tax avoidance* in Indonesia. *European Journal of Business and Management Research*, 6(5), 276–282. <https://doi.org/10.24018/ejbmr.2021.6.5.1136>
- Indriani, M. D. & Juniarti. (2020). Influence of company size, company age, sales growth, and profitability on *tax avoidance*. *Indonesian College of Economics*.

- Jarboui, A., Kachouri Ben Saad, M., & Riguen, R. (2020). *Tax avoidance: Do board gender diversity and sustainability performance make a difference?* *Journal of Financial Crime*, 27(4), 1389–1408. <https://doi.org/10.1108/JFC-09-2019-0122>
- Jensen, M. C., & Meckling, W. H. (1976). *Theory of the firm: Managerial behavior, agency costs and ownership structure*. 305–360.
- Kami, I. M. (2016, April 1). *Presdirnya jadi tersangka di KPK, ini kata PT Agung Podomoro Land*. Retrieved from detiknews. <https://news.detik.com/berita/d-3178034/presdirnya-jadi-tersangka-di-kpk-ini-kata-pt-agung-podomoro-land>
- Kementerian Kesehatan Republik Indonesia. (2023, March 25). *Pengertian gender menurut WHO dan perbedaannya dengan seks*. Retrieved from SehatQ. <https://www.sehatq.com/artikel/pengertian-gender-dan-perbedaannya-dengan-seks>
- Khlif, H., & Amara, I. (2019). Political connections, corruption and tax evasion: A cross-country investigation. *Journal of Financial Crime*, 26(2), 401–411. <https://doi.org/10.1108/JFC-01-2018-0004>
- Kim, J.-H., & Lee, J.-H. (2021). How CEO political connections induce corporate social irresponsibility: An empirical study of *tax avoidance* in South Korea. *Sustainability*, 13(14), 7739. <https://doi.org/10.3390/su13147739>
- Lin, K. Z., Mills, L. F., Zhang, F., & Li, Y. (2018). Do political connections weaken tax enforcement effectiveness? *Contemporary Accounting Research*, 35(4), 1941–1972. <https://doi.org/10.1111/1911-3846.12360>
- Mala, N. N., & Ardiyanto, M. D. (2021). Pengaruh diversitas gender dewan direksi dan ukuran dewan direksi terhadap penghindaran pajak. *Diponegoro Journal of Accounting*, 10(1), 1–11.
- Martínez, M. del C. V., & Rambaud, S. C. (2019). Women on corporate boards and firm's financial performance. *Women's Studies International Forum*, 76, 102251. <https://doi.org/10.1016/j.wsif.2019.102251>
- Masurroch, L. R., Nurlaela, S., & Fajri, R. N. (2021). Pengaruh profitabilitas, komisaris independen, leverage, ukuran perusahaan dan intensitas modal terhadap *tax avoidance*. *INOVASI*, 17(1), 82–93.
- Mazhar, U. (2021). Insecurity versus immaturity: Estimating the link between organizational age and indirect risks. *Journal of Economic Studies*, 48(3), 616–640. <https://doi.org/10.1108/JES-02-2020-0089>
- Nguyen, Q. K., Dang, V. cuong, & . (2019). Audit committee structure and bank stability in Vietnam. *ACRN Journal of Finance and Risk Perspectives*, 8(1), 240–255. <https://doi.org/10.35944/jofrp.2019.8.1.015>
- Oktamawati, M. (2017). Pengaruh karakter eksekutif, komite audit, ukuran perusahaan, leverage, pertumbuhan penjualan, dan profitabilitas terhadap *tax avoidance*. *Jurnal Akuntansi dan Bisnis*, 15(1), 23–40.
- Pajakku. (2020). *Apa bedanya tax avoidance dan tax evasion ?* Retrieved from <https://pajakku.com/read/5f6ad6402712877582239046/Apa-Bedanya-Tax-Avoidance-dan-Tax-Evasion->
- Potharla, S., & Amirishetty, B. (2021). Non-linear relationship of board size and board independence with firm performance – evidence from India. *Journal of Indian Business Research*, 13(4), 503–532. <https://doi.org/10.1108/JIBR-06-2020-0180>
- Proença, C., Augusto, M., & Murteira, J. (2020). Political connections and banking performance: The moderating effect of gender diversity. *Corporate Governance: The International Journal of Business in Society*, 20(6), 1001–1028. <https://doi.org/10.1108/CG-01-2020-0018>
- Putra, Z. K. P., & Suhardianto, N. (2020). The influence of political connection on *tax avoidance*. *Jurnal Akuntansi dan Keuangan*, 22(2), 82–90. <https://doi.org/10.9744/jak.22.2.82-90>
- Rachman, D. A. (2019, January 11). *Kasus Meikarta, teridentifikasi sejumlah anggota DPRD dibiayai plesiran ke Thailand*. Retrieved from KOMPAS.com.

- <https://nasional.kompas.com/read/2019/01/11/22150701/kasus-meikarta-teridentifikasi-sejumlah-anggota-dprd-dibiayai-plesiran-ke>  
Peraturan Otoritas Jasa Keuangan Nomor 33 /POJK.04/2014 Tentang Direksi dan Dewan Komisaris Emiten atau Perusahaan Publik, (2014).
- Sadiq, K., Black, C., Hanegbi, R., Jogarajan, S., Krever, R., Obst, W., & Ting, A. (2019). *Principles of Taxation Law 2020*. Thomson Reuters (Professional) Australia Limited.
- Sari, N., & Artati, D. (2021). *Pengaruh ukuran perusahaan, komite audit dan komisaris independen terhadap tax avoidance pada perusahaan property dan real estate yang terdaftar di bursa efek Indonesia*.
- Sarpingah, S. (2020). The effect of company size and profitability on *tax avoidance* with leverage as intervening variables. *EPRA International Journal of Research & Development (IJRD)*, 5(10), 81–93. <https://doi.org/10.36713/epra4552>
- Shen, Y., Gao, D., Bu, D., Yan, L., & Chen, P. (2019). CEO hometown ties and *tax avoidance*-evidence from China's listed firms. *Accounting & Finance*, 58(5), 1549–1580. <https://doi.org/10.1111/acfi.12442>
- Sutrisno, P., Utama, S., Hermawan, A. A., & Fatima, E. (2023). Founder or descendant CEOs, *tax avoidance* and firms' future risks: The Indonesian evidence. *Journal of Family Business Management*. <https://doi.org/10.1108/JFBM-10-2022-0122>
- Teodósio, J., Vieira, E., & Madaleno, M. (2021). Gender diversity and corporate risk-taking: A literature review. *Managerial Finance*, 47(7), 1038–1073. <https://doi.org/10.1108/MF-11-2019-0555>
- The State of Tax Justice 2021*. (2021).
- Utari, N. K. Y., & Supadmi, N. L. (2017). Pengaruh corporate governance, profitabilitas dan koneksi politik pada *tax avoidance*. *E-Jurnal Akuntansi*, 18(3), 2202–2230.
- Vacca, A., Iazzi, A., Vrontis, D., & Fait, M. (2020). The role of gender diversity on tax aggressiveness and Corporate Social Responsibility: Evidence from Italian Listed Companies. *Sustainability*, 12(5), 2007. <https://doi.org/10.3390/su12052007>
- Wahab, E. A. A., Ariff, A. M., Marzuki, M. M., & Mohd Sanusi, Z. (2017). Political connections, corporate governance, and tax aggressiveness in Malaysia. *Asian Review of Accounting*, 25(3), 424–451. <https://doi.org/10.1108/ARA-05-2016-0053>
- Wati, L. N. & Momon. (2020). *Manfaat dan Biaya Koneksi Politik Pada Perusahaan* (Dr. Ramdany, Ed.). Retrieved from Mujahid Press. [http://lela.stiemj.ac.id/wp-content/uploads/1.2-Buku-Koneksi-Politik\\_compressed.pdf](http://lela.stiemj.ac.id/wp-content/uploads/1.2-Buku-Koneksi-Politik_compressed.pdf)
- Widuri, R., Tjahjono, P. A., Felicia, V. R. A., & Fudianto, M. (2020). Female board membership and sustainability: Can they mitigate *tax avoidance* in Indonesia and Malaysia?: *Proceedings of the 5th International Conference on Tourism, Economics, Accounting, Management and Social Science (TEAMS 2020)*. 5th International Conference on Tourism, Economics, Accounting, Management and Social Science (TEAMS 2020), Singaraja, Indonesia. <https://doi.org/10.2991/aebmr.k.201212.042>
- Wildan, M. (2020, November 23). *Indonesia diperkirakan rugi Rp69 triliun akibat penghindaran pajak*. Retrieved from DDTCNews. <https://news.ddtc.co.id/indonesia-diperkirakan-rugi-rp69-triliun-akibat-penghindaran-pajak-25729>
- Xiaoxia, L., Minghui, L., Jamie, Y. T., & Feida, Z. (2022). CFO gender and tax aggressiveness: Evidence from China. *Pacific-Basin Finance Journal*, 71. <https://doi.org/10.1016/j.pacfin.2021.101679>
- Yusoff, W. S., Salleh, M. F. Md., Ahmad, A., & Idris, F. (2015). Estimating the value of political connection to Malaysia's Richest Tycoon Companies. *The Journal of Developing Areas*, 49(5), 87–100. <https://doi.org/10.1353/jda.2015.0059>
- Zirgulis, A., Huettinger, M., & Misiunas, D. (2022). No woman, no aggressive tax planning? A study on CEO gender and effective tax rates in the Lithuanian. *Review of Behavioral Finance*, 14(3), 394–409. <https://doi.org/10.1108/RBF-09-2020-0232>