ABSTRACT

Tax avoidance continues to be a major concern among global authorities and academic researchers. At the corporate level, shareholders and managers have differing views on tax avoidance practices. Discussions about tax avoidance often intersect with CSR due to shared moral considerations. This study seeks to explore institutional investor preferences and the impact of board gender diversity on corporate tax policies and CSR.

Employing PLS path analysis on panel data from 18 Indonesian manufacturing firms over 2015-2022, this study revealed that greater institutional ownership is linked with higher tax avoidance levels. CSR has been found to have a negative association with tax avoidance, but this relationship lacks statistical significance. The moderation analysis reveals that institutional ownership weakens the negative link between CSR and tax avoidance. Notably, in firms with high institutional ownership, there is a positive and significant association between CSR and tax avoidance. Gender diversity in boardrooms restrains tax avoidance practices. However, higher representation of women on corporate boards is not linked to enhanced CSR disclosure. This study also did not find support for the mediating role of CSR in the relationship between board gender diversity and tax avoidance.

This study contributes to the existing body of literature by examining the moderating role of institutional ownership in the link between CSR and tax avoidance and the indirect link of board gender diversity on tax avoidance through CSR. The findings of this study help firms implement effective governance mechanisms to enhance corporate sustainability using tax strategies and CSR. They also provide meaningful information for policymakers in developing effective corporate governance regulations to promote CSR and reduce tax avoidance levels.

Keywords: *institutional investor, women on boards, CSR, tax avoidance, moderated mediation, partial least square*