

ABSTRACT

The relationship between tax avoidance and firm risk is a complex topic with inconsistent findings in previous literature. This study aims to re-examine this relationship by incorporating other key variables, analyzing the effects of tax avoidance, tax risk, gender diversity, and audit quality on firm risk.

This research employs a quantitative approach using multiple linear regression analysis on a sample of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period.

The results show that tax risk has a significant positive effect on firm risk, while audit quality has a significant negative effect. This finding suggests that high-quality auditors (Big 4) are effective in reducing firm risk. Conversely, tax avoidance (measured by ETR) and gender diversity were not found to have a significant influence on firm risk. These findings imply the importance of managing tax risk and highlight the vital role of high-quality audits in mitigating corporate risk within the Indonesian manufacturing sector.

Keywords: Firm Risk, Tax Avoidance, Tax Risk, Gender Diversity, Audit Quality, Manufacturing Sector.