

ABSTRACT

This study aims to examine the role of Environmental, Social, and Governance (ESG) on tax aggressiveness (TAG), with national culture as a moderating variable. The independent variables are environmental performance, social performance, and corporate governance performance, with tax aggressiveness as the dependent variable. The moderating effect of national culture is tested for each dimension: power distance, uncertainty avoidance, individualism, masculinity, long-term orientation, and indulgence.

This study used a sample of 331 companies from various countries. This research was conducted using quantitative methods using secondary data. The secondary data were in the form of reports available in the Bloomberg Database, namely: Corporate Environmental Performance, Corporate Social Performance, and Corporate Governance Performance. Meanwhile, the value of national culture was obtained from the Hofstede index available on Geert Hofstede's website. The data analysis used to test each proposed hypothesis was Structural Equation Modeling (SEM).

The results of the study indicate that all ESG dimensions: environmental performance, social performance, and governance performance, have been shown to have a negative influence on tax aggressiveness. The moderating effect of national culture on the relationship between environmental performance and tax aggressiveness can be demonstrated in the dimensions of power distance and indulgence. Meanwhile, the moderating effect of national culture on the relationship between social performance and aggressiveness can be demonstrated in the dimensions of power distance, uncertainty avoidance, masculinity, and long-term orientation. The effect of corporate governance performance on tax aggressiveness can further be moderated by power distance and a culture of individualism..

Keywords: Environmental, Social, Governance (ESG), Tax Aggressiveness, National Culture.