Jurnal Akuntansi, Keuangan, dan Manajemen (JAKMAN)
ISSN: 2716-0807, Vol 7, No 4, 2026, 157-171 https://doi.org/10.35912/jakman.v7.n4.p157-171.2026

Monitoring Mechanisms, Corporate Performance, and Corporate Tax Strategy: An Agency Theory Perspective

Debora Debora[1*], Regi Muzio Ponziani[2], Annisa Kanti[3], Henryanto Wijaya[4]
Trisakti School of Management, Jakarta, Indonesia[1,2,3]
Universitas Tarumanegara, Jakarta, Indonesia[4]
debora@stietrisakti.ac.id[1*], regi@stietrisakti.ac.id[2], annisa@stietrisakti.ac.id[3], henryantow@fe.untar.ac.id[4]

Article History
Received on 06 August 2026
1st Revision on 11 August 2026
2nd Revision on 18 August 2026
3rd Revision on 19 August 2026
Accepted on 01 September 2026

Abstract

Purpose: This study aims to examine whether monitoring mechanisms, alignment mechanism, and firm characteristics influence corporate tax strategy through corporate performance in Indonesian listed manufacturing companies.

Research Methodology: This study employed a quantitative explanatory approach using purposive sampling. The sample consisted of manufacturing companies consistently listed on the Indonesia Stock Exchange during 2022–2024, publishing annual financial statements ending on December 31, presenting financial statements in Rupiah, recording profit before and after tax, and reporting CETR values greater than 0 and less than 1. The final dataset comprised 318 firm-year observations and was analyzed using STATA version 17 through panel data regression.

Results: The findings show that managerial ownership and sales growth influence corporate performance, while corporate performance shapes corporate tax strategy. Other governance and firm-characteristic variables do not show a direct effect on corporate tax strategy after corporate performance is included. These results strengthen the novelty of this study by showing that corporate tax strategy is better explained through a performance-mediated pathway rather than through direct governance effects alone, thereby contributing to agency-based corporate governance and taxation literature.

Conclusions: This study concludes that corporate tax strategy is better explained as a performance-mediated managerial outcome rather than merely as a direct consequence of formal governance mechanisms.

Limitations: This study is limited to Indonesian manufacturing companies during the 2022–2024 period.

Contributions: This study provides practical insight for regulators, investors, and corporate decision-makers in strengthening governance mechanisms that support performance accountability and responsible tax strategy.

Keywords: *Agency Theory, Corporate Performance, Corporate Tax Strategy, Monitoring Mechanisms, Panel Data*

How to Cite: Debora, D., Ponziani, R. M., Kanti, A., & Wijaya, H. (2026). Monitoring Mechanisms, Corporate Performance, and Corporate Tax Strategy: An Agency Theory Perspective. *Jurnal Akuntansi, Keuangan, dan Manajemen*, 7(4), 157-171.

1. Introduction

Tax strategy moves cash, shapes profit reports, and changes how markets read a company's numbers. Managers who reduce effective tax rates may free up capital for investment, but they also create a governance dilemma because regulators, auditors, and shareholders must assess whether the tax savings reflect legitimate planning or aggressive avoidance. Hanlon and Heitzman (2010) treat tax outcomes as inseparable from other corporate decisions: investment choices, capital structure, financial reporting, and executive incentives all feed into the tax figure a firm reports at year end. This study follows their framing and uses the term Corporate Tax Strategy instead of tax avoidance, because a low Cash Effective Tax Rate (CETR) can come from fiscal incentives, timing differences, or disciplined cash management as often as from aggressive planning (Duhoon, & Singh, 2023; Sritharan, Salawati, Sharon, & Syubaili, 2022). This distinction is important because prior studies often interpret low tax rates as evidence of avoidance, while other tax literature acknowledges that the same outcome may arise from legitimate managerial and financial decisions. Jensen and Meckling (1976) locate the root problem in the separation of ownership and control: managers may pursue goals that diverge from shareholder interests unless monitoring mechanisms, ownership structures, and debt covenants discipline managerial discretion. A manager who lowers the tax bill through opaque structuring may serve shareholders or personal incentives, and outside monitors cannot always distinguish between value-enhancing tax planning and opportunistic tax behavior from the reported numbers alone. The stakes therefore extend beyond the firm's balance sheet, since governments that depend on corporate tax revenue need firms to report income the state can trust (Hanlon & Heitzman, 2010).

Indonesia gives this question a concrete setting. Listed companies on the Indonesia Stock Exchange rose from 903 at the end of 2023 to 943 by the end of 2024, and corporate income tax supplied 33.0 percent of total tax revenue in 2023, the largest share of any single tax category (OECD, 2025). Indonesia's tax-to-GDP ratio still held at 12.0 percent in both 2022 and 2023, trailing most economies in the Organisation for Economic Co-operation and Development (OECD's) Asia-Pacific comparison group (OECD, 2025). These conditions make corporate tax strategy especially relevant because firms operate under pressure to maintain profitability, while the government continues to rely on corporate tax revenue. Listed firms operated through this period in a post-pandemic recovery marked by uneven sales growth, shifting profitability, and investors who became more selective about where they put capital. Regulators tightened disclosure rules on ownership and material information at the same time, raising the bar for how firms report foreign, institutional, and managerial ownership, and audit committee composition, the same variables this study tracks alongside leverage, sales growth, ROE, and CETR. This institutional context creates a critical empirical puzzle: stronger transparency and audit oversight may be expected to influence tax outcomes directly, yet agency theory suggests that governance mechanisms may first affect managerial performance before shaping tax strategy. The setting therefore forces a specific question: when regulators push for more ownership transparency and stronger audit oversight, does that pressure change tax outcomes on its own, or does it first change performance, which then changes tax strategy? (Hanlon and Heitzman, 2010; Duhoon and Singh, 2023; Sritharan et al., 2022).

Researchers disagree on how much governance restrains tax behavior. Some studies find that stronger boards, more concentrated ownership, and tighter audit oversight reduce opportunistic tax planning by narrowing the room managers have to act alone. Other studies report weak or inconsistent effects, especially in developing markets where ownership remains concentrated in family or state hands, monitoring may operate through informal channels, and enforcement is less predictable than in developed economies. These inconsistencies suggest that the governance-tax relationship may not be fully explained by direct-effect models. In the Indonesian context, two related studies sharpen this debate. NA, Yuliansyah, and Oktavia (2025) show that fiscal loss compensation and governance mechanisms shape tax avoidance among Indonesian manufacturing firms, with foreign ownership acting as a moderator. Opudu (2026) finds that aggressive tax strategy correlates with lower capital efficiency in financial sector firms, meaning tax choices carry consequences for how a firm uses its capital, not just how much tax it pays. However, both studies emphasize the direct relationship between governance, tax behavior, and financial outcomes. Neither explicitly examines whether corporate performance acts as the mechanism through which governance and firm characteristics are translated into tax strategy. This is the critical point of departure in the present study. Instead of assuming that governance immediately affects tax outcomes, this study asks whether governance first influences performance and whether performance subsequently shapes corporate tax strategy (Hanlon and Heitzman, 2010; Duhoon and Singh, 2023; Sritharan et al., 2022).

The gap centers on corporate performance as a mediating mechanism between monitoring mechanisms and corporate tax strategy. Prior studies often measure governance attributes against tax avoidance without a middle step, treating performance as a control variable at best and leaving out the pathway through which governance may operate. This omission matters because Agency Theory does not merely predict that monitoring mechanisms exist, but that monitoring mechanisms should reduce agency costs by changing managerial decisions and improving firm outcomes. Jensen and Meckling (1976) argue that monitoring, ownership alignment, and debt structures exist to reduce the costs that arise when owners and managers pursue different goals. If these mechanisms work, their first visible effect should appear in performance, since better-monitored managers are expected to make decisions that improve Return on Equity (ROE), strengthen operating results, or discipline resource allocation before these decisions are reflected in tax reporting choices. A firm with an active audit committee and aligned managerial ownership should perform better, and a better-performing firm faces different tax incentives than a struggling one: it holds more income to shelter, draws more scrutiny from tax authorities, and carries more reason to protect its reputation with investors. Therefore, skipping over performance in the governance-to-tax pathway risks attributing a tax outcome directly to monitoring mechanisms when the effect may actually run through operating results. The proposed mediation model adds theoretical value by clarifying the mechanism, not merely the association, between governance and corporate tax strategy (Dyreng, Hanlon, & Maydew, 2010; Duhoon and Singh, 2023; Sritharan et al., 2022).

This study contributes on three fronts. Conceptually, it reframes CETR-based outcomes as Corporate Tax Strategy instead of tax avoidance, allowing tax behavior to be interpreted as a strategic managerial choice inside an agency framework rather than automatically as a compliance failure. This conceptual move addresses a key inconsistency in the literature: while some studies equate lower effective tax rates with avoidance, others recognize that effective tax outcomes may also reflect fiscal incentives, legal planning, and cash-flow management. Structurally, this study positions Corporate Performance as the mechanism that carries the effect of monitoring mechanisms, alignment mechanisms, and firm characteristics forward into Corporate Tax Strategy. This mediation design provides additional theoretical value because it explains why prior studies may have reported inconsistent governance-tax findings: governance may not always affect tax strategy directly, but may operate conditionally through performance. Contextually, this study draws evidence from Indonesian listed companies across 2022 to 2024, a window that captures post-pandemic recovery, a fast-changing capital market, and tighter governance and disclosure rules. The study asks three questions: Do foreign ownership, institutional ownership, audit committee presence, managerial ownership, leverage, and sales growth affect corporate performance? Does corporate performance affect corporate tax strategy? Does corporate performance mediate the relationship between these six antecedent variables and corporate tax strategy? Answering these questions gives regulators, auditors, and investors a clearer picture of where monitoring effort pays off and where it gets absorbed into performance before it reaches the tax line, while also offering a model for testing similar mediation pathways in other emerging markets that share Indonesia's ownership concentration and enforcement gaps (Hanlon and Heitzman, 2010 ; Duhoon and Singh, 2023; Sritharan et al., 2022).

2. Literature Review and Hypotheses Development

2.1 Grand Theory Framework

Agency Theory supplies the framework this study builds on, because Jensen and Meckling (1976) locate the core problem in the split between ownership and control: shareholders hold the equity, managers hold the decisions, and the two sides do not always want the same outcome. Managers know more about the firm's operations than shareholders do, and that information gap gives managers room to act on private incentives unless some mechanism pulls them back into line. Dyreng, Hanlon, and Maydew (2010) extend this logic into tax research by treating tax outcomes as one output among many that flow from the same set of corporate decisions: financing, investment, reporting, and executive incentives all shape the tax figure a firm reports. This study maps six variables onto that framework. Foreign ownership, institutional ownership, and audit committee function as monitoring mechanisms that watch managers from outside or from within the board. Managerial ownership functions as an alignment mechanism that ties a manager's wealth to the firm's results. Leverage and sales growth function as firm characteristics that shape how much room managers have to act on their own. ROE stands in for corporate performance, and CETR stands in for corporate tax strategy. However, prior evidence does not show a uniform relationship between governance mechanisms and tax outcomes. Kovermann and Velte (2019) synthesize this line of work and find that governance mechanisms connect to tax outcomes under specific institutional conditions and stay silent under others. This inconsistency creates the core empirical question of this study: whether governance and firm characteristics affect corporate tax strategy directly, or whether their influence first appears through corporate performance in the Indonesian setting (Jensen and Meckling, 1976; Dyreng et al., 2010; Kovermann and Velte, 2019).

Monitoring mechanisms exist to close the information gap between shareholders and managers, but the empirical record on whether they succeed remains mixed. Foreign investors bring outside scrutiny and demand reporting standards that match their home markets, pushing managers toward transparency. Institutional investors bring analytical staff and voting power individual shareholders lack, turning ownership into active supervision rather than a passive stake. Audit committees sit inside the firm and watch financial reporting, internal controls, and compliance from a vantage point that differs from what external shareholders can see. Yet previous findings suggest that the existence of monitoring mechanisms does not always translate into lower tax avoidance or stronger tax discipline. Armstrong, Blouin, Jagolinzer, and Larcker (2015) find that governance structures shape tax avoidance mainly through the incentives they create for executives rather than through oversight alone, a distinction that matters for how monitoring variables are interpreted here. Koay and Sapiei (2025) find that governance mechanisms carry limited weight against tax avoidance in a developing-country setting, and Yahaya, Oon, and Jusoh (2026) report that board structure and executive attributes produce mixed results across the tax avoidance literature. These inconsistent findings suggest that a direct governance-to-tax model may oversimplify the relationship. If governance variables do not move tax outcomes on their own, they may first affect corporate performance, and performance may then carry that effect forward into tax strategy. This gap matters in Indonesia because ownership stays concentrated in family or state blocks at many listed firms, with dispersed retail investors holding whatever remains, the condition Koay and Sapiei (2025) point to when describing governance effects as limited (Jensen and Meckling, 1976; Hanlon, & Heitzman, 2010; Kovermann and Velte, 2019).

Corporate performance sits at the center of this design as the mechanism that carries governance effects into tax outcomes, and Agency Theory gives that placement a clear rationale. ROE captures how much profit management extracts from shareholder equity, making it a signal of managerial effectiveness rather than a bare accounting ratio. Chali and Lakatos (2026) show that governance and financial performance connect, but the strength of that connection shifts across institutional settings, so this study tests the link with data instead of assuming it holds for Indonesian firms. This position is important because prior studies often treat performance as a control variable rather than as a theoretical channel. This study also treats CETR as an indicator of Corporate Tax Strategy rather than tax avoidance, since Duhoon and Singh (2023) and Sritharan, Salawati, Sharon, and Syubaili (2022) show that low cash tax rates can come from fiscal incentives, timing differences, and disciplined cash management as often as from aggressive planning. Reading CETR this way keeps the analysis focused on how governance and performance shape a strategic managerial choice, not on labeling firms as avoiders or compliers based on a single ratio. The proposed mediation model provides additional theoretical value because it explains how governance and firm characteristics may be translated into tax outcomes through performance. In other words, the model does not merely ask whether governance affects CETR, but explains why governance may matter only when it first improves or weakens corporate performance (Chali and Lakatos, 2026; Hanlon and Heitzman, 2010 ; Opudu, 2026).

Prior research suggests the link between corporate governance, ownership structure, and tax strategy depends heavily on context and rarely runs through a single, direct channel. Minnick and Noga (2010) show that governance characteristics shape tax management outcomes. Wahab and Holland (2012) push this further, arguing that tax planning can reflect agency problems whenever information asymmetry gives managers room to bend tax decisions toward private interests. Lanis and Richardson (2012) connect tax aggressiveness to broader corporate accountability, which places tax strategy alongside financial decisions as a governance issue in its own right. Ownership structure adds another layer: Alkurdi and Mardini (2020) find that managerial, institutional, and foreign ownership each pull tax avoidance in different directions, and Velte (2024) shows that these ownership effects vary by agency dynamics and institutional setting rather than following one consistent pattern. These findings reveal an important inconsistency in the literature: some governance variables reduce tax avoidance, some increase it, and others produce no significant effect. This study responds to that inconsistency by proposing corporate performance as the missing explanatory mechanism. Read together, these studies support the argument that monitoring mechanisms and ownership structures shape corporate tax strategy through selective pathways, with corporate performance acting as the mediating mechanism that clarifies why governance effects may appear strong in one context but weak or insignificant in another (Alkurdi and Mardini, 2020; Lanis and Richardson, 2012; Minnick and Noga, 2010; Velte, 2024; Wahab and Holland, 2012).

2.2 Hypotheses Development

Foreign ownership carries a theoretical claim on corporate performance because foreign shareholders may bring international monitoring habits, stronger transparency expectations, and sharper information demands in host markets. These monitoring pressures may encourage managers to improve reporting discipline and managerial accountability, which can ultimately support stronger firm performance. However, the effect may depend on whether foreign shareholders are active monitors or merely passive portfolio investors (Pavlou, Persakis, & Kolias, 2025; Salihu, Annuar, & Sheikh, 2015). Therefore, the following hypothesis is proposed:

H_1: Foreign ownership affects corporate performance

Institutional ownership is also expected to influence corporate performance because institutional shareholders generally possess greater analytical capacity, voting power, and resources to evaluate managerial decisions compared with dispersed individual shareholders. In theory, institutional investors may reduce agency problems by strengthening external monitoring and pressuring management to improve financial outcomes. Kovermann and Velte (2019) note that institutional ownership may sometimes reflect affiliated blockholding rather than independent oversight, meaning that its governance role may vary across institutional contexts. Therefore, the following hypothesis is proposed:

H_2: Institutional ownership affects corporate performance

Audit committees are expected to affect corporate performance through their role in strengthening internal control, financial reporting reliability, and compliance oversight (Efenyumi & Nworie, 2025). A more effective audit committee may reduce information asymmetry and improve monitoring over managerial behavior. Nevertheless, prior literature suggests that the effectiveness of audit committees depends not only on their existence or size, but also on expertise, diligence, and actual monitoring quality. Richardson, Taylor, and Lanis (2013) find that oversight quality depends on committee expertise and diligence, not size alone. Therefore, the following hypothesis is proposed:

H_3: Audit committee affects corporate performance

Managerial ownership has a more complex theoretical position because it may function either as an alignment mechanism or as an entrenchment mechanism. Jensen and Meckling (1976) predict that managerial ownership aligns managerial and shareholder interests because managers share the financial consequences of firm performance. However, Badertscher, Katz, and Rego (2013) show the same stake can instead separate management from external control, and Dyreng, Hanlon, and Maydew (2010) find that executives with enough ownership can entrench themselves against outside discipline. Because both alignment and entrenchment arguments are theoretically plausible, this study allows the empirical evidence to determine the direction of the relationship. Therefore, the following hypothesis is proposed:

H_4: Managerial ownership affects corporate performance

Leverage is expected to influence corporate performance because debt may discipline managers by forcing firms to meet fixed interest obligations out of operating cash flow. This reduces excess free cash flow that could otherwise be used for managerial interests rather than shareholder returns. Richardson and Lanis (2007) tie firm characteristics such as leverage to effective tax rates, indicating that financing structure may also relate to tax-related outcomes. However, leverage may also weaken performance when debt becomes excessive, because heavier interest burdens increase financial risk and may reduce profitability. Therefore, the following hypothesis is proposed:

H_5: Leverage affects corporate performance

Sales growth is expected to affect corporate performance through a more direct operating channel. Firms that increase revenue while controlling costs may benefit from scale economies and improved profitability. This mechanism is particularly relevant for Indonesian listed firms during 2022 to 2024, when many companies were rebuilding sales after pandemic disruption (Ado & Tanko, 2024). Higher sales growth may therefore strengthen ROE by improving revenue generation and operating efficiency. Therefore, the following hypothesis is proposed:

H_6: Sales growth affects corporate performance

Corporate performance is expected to influence corporate tax strategy because firms with stronger profitability may have greater incentives and capacity to manage tax payments strategically. A firm with higher ROE reports more taxable income and has stronger motivation to invest in tax planning capacity. Hanlon and Heitzman (2010) place this reasoning inside the same set of corporate decisions that drive financing and investment choices. Elamer, Boulhaga, and Ibrahim (2024) add that tax avoidance interacts with firm value and reputational considerations, and Opudu (2026) shows that aggressive tax strategy can drag down capital efficiency, so the performance-to-tax link may operate in both directions. Therefore, the following hypothesis is proposed:

H_7: Corporate performance affects corporate tax strategy

The full model rests on treating corporate performance as the channel that carries governance and firm-characteristic effects into tax strategy rather than assuming those effects reach CETR on their own. NA, Yuliansyah, and Oktavia (2025) find that governance mechanisms still matter for tax avoidance among Indonesian manufacturing firms, but foreign ownership complicates that relationship rather than simplifying it, supporting the treatment of each antecedent's path to tax strategy as a question rather than a given. Opudu (2026) reinforces the same point from the performance side, since aggressive tax strategy there tracks with weaker capital efficiency. If governance and firm characteristics shape ROE first, and ROE then shapes CETR, mediation provides a more accurate theoretical explanation than a direct governance-to-tax model that skips the performance step (Ardiles, Yuliansyah, & Suhendro, 2024). This study therefore tests the mediated path for every antecedent separately. The following mediation hypotheses are proposed:

H_8a: Corporate performance mediates the relationship between foreign ownership and corporate tax strategy

H_8b: Corporate performance mediates the relationship between institutional ownership and corporate tax strategy

H_8c: Corporate performance mediates the relationship between audit committee and corporate tax strategy

H_8d: Corporate performance mediates the relationship between managerial ownership and corporate tax strategy

H_8e: Corporate performance mediates the relationship between leverage and corporate tax strategy

H_8f: Corporate performance mediates the relationship between sales growth and corporate tax strategy

Each mediation hypothesis stands or falls on its own antecedent, allowing the results to identify which monitoring mechanism, alignment mechanism, or firm characteristic works through performance and which one, if any, reaches tax strategy through another pathway. This approach provides additional theoretical value because it does not merely test whether governance affects corporate tax strategy, but explains how and through which performance channel such an effect may occur (Chali, & Lakatos, 2026; Dyreng et al., 2010; Opudu, 2026).

3. Research Methodology

3.1 Research Design, Data, and Analysis Method

This study applies a quantitative explanatory design using secondary data from Indonesian listed manufacturing companies during 2022 to 2024, with 318 firm-year observations. The analysis is conducted using STATA version 17 through panel data regression. Mediation is tested in two stages. First, the study examines whether foreign ownership, institutional ownership, audit committee, managerial ownership, leverage, and sales growth affect corporate performance, proxied by ROE. Second, the study examines whether ROE affects corporate tax strategy, proxied by CETR, after including the same antecedent variables. Mediation is indicated when an antecedent variable affects ROE and ROE subsequently affects CETR. The Hausman test is used to choose between fixed-effects and random-effects estimators. The Fixed Effects Model is selected because the test indicates systematic differences between the estimators, suggesting that unobserved firm-specific characteristics are correlated with the explanatory variables. Therefore, fixed effects are more appropriate for controlling time-invariant firm characteristics such as governance culture, managerial style, and tax planning orientation. Additional diagnostic tests, including heteroskedasticity, serial correlation, and multicollinearity checks, are conducted to support the robustness of the estimation results (Hanlon & Heitzman, 2010; Graham, Hanlon, Shevlin, & Shroff, 2014; Richardson, Taylor, & Lanis, 2013).

3.1.1 Sampling Criteria

We select the sample through purposive sampling rather than random draws, because the research model needs firms that meet specific measurement and panel-structure requirements before any regression can run. We draw the population from manufacturing companies listed on the Indonesia Stock Exchange and apply five criteria in sequence. First, the sample covers manufacturing firms that stayed listed without interruption through 2022 to 2024. Second, we require companies to publish annual financial statements ending December 31 for 2021 through 2024, since the sales growth formula needs the prior year's revenue figure to compute a 2022 value. Third, we require financial statements denominated in Indonesian Rupiah across 2021 to 2024, ruling out currency-translation noise. Fourth, we restrict the sample to companies that recorded both profit before tax and profit after tax without interruption through 2022 to 2024, since ROE and CETR depend on those figures. Fifth, we drop any firm-year observation where CETR falls at or below 0 or at or above 1, since values outside that range point to losses or measurement conditions the tax-strategy construct does not fit. Applying all five filters to the manufacturing population listed between 2022 and 2024 leaves the 318 firm-year observations that make up our final panel, a balanced structure that lets the same firms carry through all three years without gaps (Hanlon & Heitzman, 2010; Graham, Hanlon, Shevlin, & Shroff, 2014; Richardson, Taylor, & Lanis, 2013).

3.2 Operational Definition and Proxy Measurement of Variables

We assign no separate control variable in this model, because we position every included variable as a substantive explanatory factor tied to Agency Theory rather than as a background adjustment. We measure Corporate Tax Strategy through CETR, calculated as cash tax paid divided by profit before tax, capturing the cash burden a firm carries rather than the accrual-based rate on its income statement. We measure Corporate Performance, our mediating variable, through ROE, calculated as net income after tax divided by total equity. We measure the three monitoring mechanisms as ownership proportions and a headcount: Foreign Ownership (FOROWN) as foreign-owned shares divided by total outstanding shares, Institutional Ownership (IO) as institutional-owned shares divided by total outstanding shares, and Audit Committee (CA) as the raw count of audit committee members. We measure Managerial Ownership (MO), our alignment mechanism, as management-owned shares divided by total outstanding shares. We measure the two firm characteristics as Leverage (LEV), total liabilities divided by total equity, and Sales Growth (SG), the difference between current-year and prior-year sales divided by prior-year sales. Each formula follows established conventions in the governance-tax literature, keeping our results comparable to prior studies. Every variable runs on a ratio scale except audit committee, which we count rather than measure as a proportion, and the coefficient on that count still reads as a marginal effect for each additional member (Hanlon & Heitzman, 2010; Graham, Hanlon, Shevlin, & Shroff, 2014; Richardson, Taylor, & Lanis, 2013; Kovermann & Velte, 2019).

4. Results and Discussions

4.1 Statistical Results

Our panel covers 318 firm-year observations from Indonesian manufacturing firms listed between 2022 and 2024, and the descriptive statistics set the baseline for everything that follows. CETR averages 0.2666 with a standard deviation of 0.1554, ranging from 0.0012 to 0.9527, confirming every sample firm reports a positive cash tax burden inside the 0-to-1 window our sampling criteria require. ROE averages 0.1473, so the typical firm converts about 14.73 percent of shareholder equity into net income. Institutional ownership averages 0.6495 against 0.0585 for foreign ownership and 0.0883 for managerial ownership, telling us institutional holders dominate the ownership structure while foreign and managerial stakes stay thin and scattered. The Hausman test returns a chi-square of 33.81 at $p = 0.0000$, so we reject the random-effects assumption and run fixed effects instead, which also fits the theory: each firm carries its own governance culture and risk appetite that a random-effects model cannot separate out. Variance inflation factors stay low across the board, topping out at 2.76 for managerial ownership against a mean of 1.58, so multicollinearity does not distort the coefficients we report next.

Model 1 regresses ROE on the six antecedent variables and produces a within R-square of 0.2123, meaning the model accounts for 21.23 percent of within-firm variation in performance, with an F-statistic of 9.25 at $p = 0.0000$. Managerial ownership carries a coefficient of -0.1602 ($t = -2.77$, $p = 0.006$), so firms where managers hold more equity report lower ROE, pointing toward entrenchment rather than alignment in this sample. Sales growth carries a coefficient of 0.0874 ($t = 5.78$, $p = 0.000$), so firms that grow revenue faster convert that growth into stronger returns on equity. Foreign ownership, institutional ownership, audit committee, and leverage all miss significance at the 0.05 threshold, meaning none moves ROE on its own within this three-year window.

Table 1. Fixed effects regression results

Variables	Model 1: ROE Coef.	t	Sig.	Model 2: CETR Coef.	t	Sig.
FOROWN	-0.0964	-0.46	0.647	0.7214	1.00	0.316
IO	-0.0607	-1.27	0.204	-0.0113	-0.07	0.945
MO	-0.1602	-2.77	0.006	-0.0640	-0.32	0.751
CA	0.0135	1.35	0.178	0.0012	0.04	0.972
LEV	0.0392	0.68	0.497	-0.0126	-0.06	0.949
SG	0.0874	5.78	0.000	-0.0018	-0.03	0.974
ROE	–	–	–	-1.4230	-5.99	0.000
Constant	0.1441	2.62	0.009	0.4480	2.35	0.020
Within R^2	0.2123	–	–	0.1808	–	–
F-statistic	9.25	–	0.000	6.46	–	0.000

Model 2 regresses CETR on the same six variables plus ROE and produces a within R-square of 0.1808, with an F-statistic of 6.46 at $p = 0.0000$. ROE carries a coefficient of -1.4230 ($t = -5.99$, $p = 0.000$), the strongest result in the entire model: firms with higher ROE report far lower cash effective tax rates, fitting a firm that converts profitability into more room for tax planning. None of the six antecedent variables reaches significance against CETR, with p-values of 0.316 for foreign ownership, 0.945 for institutional ownership, 0.751 for managerial ownership, 0.972 for audit committee, 0.949 for leverage, and 0.974 for sales growth, as shown in Table 1.

Table 2. Mediation path summary

Path	X → ROE	ROE → CETR	Mediation Indication	Interpretation
FOROWN → ROE → CETR	Not significant	Significant	Not supported	No empirical mediation indication
IO → ROE → CETR	Not significant	Significant	Not supported	No empirical mediation indication
MO → ROE → CETR	Significant	Significant	Supported indication	Corporate performance channels managerial ownership effect
CA → ROE → CETR	Not significant	Significant	Not supported	No empirical mediation indication
LEV → ROE → CETR	Not significant	Significant	Not supported	No empirical mediation indication
SG → ROE → CETR	Significant	Significant	Supported indication	Corporate performance channels sales growth effect

Correlation results back this pattern before the regressions even run. CETR moves opposite ROE at -0.1302 ($p = 0.0202$) and opposite sales growth at -0.2140 ($p = 0.0001$), while institutional ownership moves with CETR at 0.1181 ($p = 0.0352$), the one governance variable that shows any bivariate link to tax outcomes. Read against the regression results, two paths carry a full mediation signal: managerial ownership moves ROE, and ROE moves CETR, so managerial ownership's effect on tax strategy travels through performance rather than reaching CETR on its own. Sales growth follows the same route. Foreign ownership, institutional ownership, audit committee, and leverage break the chain at the first link, since none moves ROE, leaving their influence on CETR unsupported by any mediated pathway in this sample, as shown in Table 2.

4.2 Discussions

The results point to a sequential agency mechanism rather than a direct governance-to-tax pathway. Managerial ownership and sales growth shape Return on Equity, and Return on Equity subsequently shapes Cash Effective Tax Rate. This pattern suggests that corporate tax strategy is not primarily driven by the formal presence of board-level or ownership-based monitoring mechanisms, but by whether those mechanisms are translated into performance outcomes . Agency Theory helps explain this result because monitoring reduces agency costs only when it changes managerial behavior, and changes in managerial behavior are usually reflected first in operating and financial performance before they appear in tax strategy (Jensen & Meckling, 1976). Foreign shareholders, institutional investors, and audit committees may encourage better reporting and stronger oversight, but oversight alone does not necessarily generate profitability or tax planning capacity.

Tax strategy tends to respond to the resources, incentives, and risk appetite that arise from performance, rather than merely to governance labels attached to the firm. This interpretation is consistent with previous studies showing that governance effects on tax outcomes are often contingent on institutional context and monitoring effectiveness. In Indonesia, concentrated ownership may reduce the role of minority foreign and institutional investors, making formal monitoring less powerful than in dispersed-ownership markets such as the United States or the United Kingdom. Therefore, the insignificant direct effects should not be interpreted as evidence that governance is irrelevant in Indonesia. Rather, they indicate that governance may operate indirectly through performance, and that models omitting corporate performance as a mediator may underestimate the actual mechanism through which monitoring affects tax strategy (Koay, & Sapiei, 2025; Kovermann, & Velte, 2019).

Managerial ownership shows a negative relationship with ROE, which challenges the convergence-of-interest logic commonly associated with Agency Theory. The traditional alignment argument suggests that managers who hold shares should bear the consequences of poor decisions and therefore act more consistently with shareholder interests. However, Morck, Shleifer, and Vishny (1988) identify a competing explanation: ownership may also entrench managers when it protects them from external discipline, board pressure, or shareholder intervention. In this study, the evidence is more consistent with the entrenchment view than with the alignment view. This unexpected finding is theoretically important because it suggests that managerial ownership does not always improve performance in emerging-market firms. In Indonesian listed manufacturing companies, managerial shareholding may exist alongside family control, founder influence, or concentrated ownership structures, allowing insiders to preserve control without necessarily improving returns. External monitors may also be too passive or too small to discipline management effectively.

This interpretation is consistent with the view that managerial ownership can produce different outcomes depending on ownership level and institutional context. A further boundary condition is that this study treats managerial ownership as a linear predictor, while prior ownership literature suggests that ownership effects may be non-monotonic. At low levels, ownership may align interests; at moderate levels, it may entrench managers; and at very high levels, it may again align managers with residual claims. Future research should therefore test ownership thresholds to determine whether the negative relationship observed in this study reflects only a specific segment of the ownership-performance relationship (Jensen and Meckling, 1976; Dyreng, Hanlon, & Maydew, 2010; Chali, & Lakatos, 2026).

Sales growth strengthens ROE, and this finding is best interpreted through the real operating conditions of Indonesian manufacturing firms rather than through governance mechanisms alone. During the 2022 to 2024 period, many listed manufacturing firms were still rebuilding demand, production capacity, and operating efficiency after pandemic-related disruption. Firms that recovered sales more quickly were likely able to spread fixed costs over a larger revenue base, improve margins, and generate stronger returns on equity. This result shows that operational recovery may explain corporate performance more directly than ownership structure or formal monitoring.

The finding also provides a useful contrast with governance-centered explanations: while governance mechanisms may influence managerial discipline, sales growth reflects the firm's ability to convert market recovery into financial performance. This distinction matters because tax strategy depends not only on governance architecture, but also on whether the firm has sufficient profitability and cash flow to engage in tax planning. However, this interpretation should be treated with caution. Sales growth may reflect genuine business recovery, but it may also partly capture revenue recognition timing or reporting behavior in a period when firms faced pressure to demonstrate post-pandemic recovery to investors and creditors. This study cannot fully distinguish real sales expansion from accounting-driven growth. Therefore, the sales growth to ROE to CETR pathway should be interpreted as evidence of a performance channel, while acknowledging that future research should separate real operating growth from possible reporting effects (Dyreng et al., 2010; Chali and Lakatos, 2026; Opudu, 2026).

The negative relationship between ROE and CETR carries the most important theoretical implication of this study. This result suggests that firms with stronger corporate performance tend to report lower cash effective tax rates. However, this relationship can be explained in two competing ways. The first explanation is efficient tax planning. Better-performing firms may have more resources to hire tax professionals, design efficient tax strategies, use fiscal incentives, and manage timing differences more effectively. Under this interpretation, lower CETR reflects tax planning capability and financial efficiency. The second explanation is managerial opportunism. Desai and Dharmapala (2006) argue that tax avoidance may create opacity that allows managers to hide rent extraction or pursue private benefits, especially when shareholders cannot clearly observe the source of tax savings. Both explanations are plausible because both predict that higher-performing firms may report lower effective tax burdens. Therefore, the result should not be interpreted automatically as evidence of either legitimate tax planning or aggressive avoidance. What the finding does show is that corporate tax strategy is closely connected to performance, and that a governance-only explanation is incomplete. Any interpretation of CETR in Indonesian manufacturing firms must first account for the performance channel before attributing tax outcomes to weak monitoring, strong governance, or managerial opportunism (Dyreng et al., 2010; Desai and Dharmapala, 2006; Elamer, Boulhaga, & Ibrahim, 2024).

The insignificant effects of foreign ownership, institutional ownership, and audit committee size on ROE also require theoretical interpretation rather than simple rejection of the hypotheses. These findings may reflect the difference between formal governance presence and effective governance practice. Foreign investors may not always function as active monitors if their holdings are portfolio-oriented and if they lack direct influence over managerial decisions. Institutional investors may also be passive or affiliated with business groups, limiting their ability to challenge controlling shareholders. Audit committee size may similarly fail to capture actual monitoring quality, because the number of members says little about independence, financial expertise, meeting intensity, or willingness to challenge management. This helps explain why these variables do not show a meaningful effect on ROE in this study despite their theoretical relevance. The result is consistent with prior evidence that governance mechanisms in developing markets may have limited direct influence when formal governance structures are not accompanied by substantive monitoring power. Thus, the insignificant findings should not be read as proof that governance mechanisms are unimportant. Instead, they show that de jure governance may not always become de facto governance. Indonesian firms may comply with governance requirements, but compliance alone may not be enough to affect performance unless the mechanisms actively constrain managerial discretion (Koay and Sapiei, 2025; Salihu, Annuar, & Sheikh, 2015; Richardson, Taylor, & Lanis, 2013; Yahaya, Oon, & Jusoh, 2026).

Regulation adds an important institutional layer to this interpretation. POJK No. 4 Tahun 2024 tightens disclosure around share ownership, ownership changes, and share pledging, while POJK No. 45 Tahun 2024 expands obligations for issuers and public companies (OJK, 2024;OJK, 2024b). These regulations aim to improve transparency and reduce information asymmetry between managers, controlling shareholders, minority investors, and regulators. However, the findings of this study suggest that transparency regulation alone may not be sufficient to influence corporate performance or tax strategy. Disclosure can reveal ownership structures, but it does not automatically make foreign investors active, institutional investors independent, or audit committees effective. This distinction explains why Indonesia regulatory strengthening may improve market transparency without necessarily producing immediate effects on ROE or CETR. From an agency perspective, the key issue is whether disclosure requirements are translated into accountability mechanisms that change managerial behavior. Therefore, the results suggest that the next stage of governance reform should not only emphasize disclosure compliance, but also strengthen the link between transparency, performance accountability, and responsible tax strategy. The gap between formal compliance and functional governance remains an important challenge in the Indonesian capital market (Jensen & Meckling, 1976).

Taken together, these findings revise the standard agency account of governance and tax strategy. The standard view often assumes that monitoring mechanisms directly constrain managerial opportunism and reduce aggressive tax behavior. The evidence from this study supports a more conditional interpretation. Monitoring mechanisms may matter, but their effect appears to operate through corporate performance rather than through a direct governance-to-tax channel. This interpretation explains why previous studies often report mixed findings: governance variables may appear significant in some contexts, insignificant in others, or even inconsistent depending on whether they first affect performance.

The proposed mediation model therefore provides additional theoretical value by clarifying the mechanism linking governance, firm characteristics, performance, and tax strategy. In the Indonesian manufacturing context, ownership concentration, family influence, passive external ownership, and evolving regulation may weaken direct governance effects, while performance remains the channel through which managerial decisions become visible. For future research, treating ROE merely as a control variable risks hiding the strongest explanatory pathway. For regulators and boards, the practical implication is that ownership transparency and audit committee compliance become meaningful only when they affect how managers use corporate resources and improve performance accountability (Jensen and Meckling, 1976; Dyreng et al., 2010; OJK, 2024).

5. Conclusions

5.1 Conclusion

This study concludes that corporate tax strategy among Indonesian listed manufacturing firms is better explained through a performance-mediated pathway than through a direct governance-to-tax relationship. The findings show that managerial ownership and sales growth are the main antecedents that influence corporate performance, while corporate performance subsequently shapes corporate tax strategy. Managerial ownership appears to weaken corporate performance, suggesting that managerial shareholding may reflect an entrenchment mechanism rather than a pure alignment mechanism. In contrast, sales growth strengthens corporate performance, indicating that operational recovery and revenue expansion remain important drivers of shareholder returns.

The study also finds that foreign ownership, institutional ownership, audit committee, and leverage do not directly explain corporate performance in the observed sample. Likewise, the antecedent variables do not directly shape corporate tax strategy after corporate performance is considered. These findings indicate that formal monitoring mechanisms and firm characteristics do not automatically lead to tax strategy outcomes. Instead, their relevance depends on whether they are translated into improved corporate performance. Therefore, ROE plays a central role as the mechanism linking selected firm-level factors to CETR.

Theoretically, this study contributes to Agency Theory by showing that governance mechanisms should not be evaluated only through their structural presence, but also through their ability to influence managerial behavior and corporate performance. The findings refine the governance-tax literature by demonstrating that corporate tax strategy is a managerial and performance-related outcome, not merely a direct consequence of ownership structure or audit committee oversight.

Practically, the results suggest that regulators, boards, investors, and audit committees should focus not only on ownership transparency and governance compliance, but also on whether these mechanisms improve performance accountability. Governance reforms become more meaningful when they influence how managers allocate resources, generate returns, and manage tax strategy responsibly.

5.2 Research Limitations

The sample covers manufacturing firms listed on the Indonesia Stock Exchange between 2022 and 2024, and that scope limits how far the performance-mediated model travels. Banking, property, energy, and technology firms carry different capital structures, regulatory exposure, and tax planning incentives, so the pathways identified here may shift or disappear outside manufacturing. The three-year window captures post-pandemic recovery but misses multi-year tax effects such as deferred tax assets, fiscal loss carryforwards, and timing differences that unfold across longer horizons. Secondary financial statement data measure ownership percentages and committee size but cannot capture audit committee independence, financial expertise, or investor activism. The insignificant effects reported for foreign ownership, institutional ownership, and audit committee size may therefore reflect what these measures fail to capture rather than genuine governance irrelevance, and readers should weigh the null results with that gap in mind.

5.3 Suggestions and Directions for Future Research

The findings provide practical implications for companies, investors, and regulators. Companies should ensure that governance mechanisms are not treated merely as formal compliance, but are used to improve performance accountability. Boards should strengthen audit committee quality, monitor managerial ownership carefully, and ensure that managerial shareholding does not lead to insider entrenchment. Investors should evaluate governance indicators together with performance measures, particularly ROE, sales growth, and tax outcomes, rather than relying only on ownership structure or audit committee presence. Regulators should strengthen disclosure requirements related to audit committee expertise, ownership transparency, and tax-related explanations so that governance compliance is more clearly connected to responsible corporate performance and tax strategy. Future research should expand the sample beyond manufacturing companies to other sectors listed on the Indonesia Stock Exchange. Longer observation periods are also needed to capture tax strategy across different economic and policy cycles. Future studies may test managerial ownership using non-linear models to distinguish alignment and entrenchment effects. Researchers are also encouraged to use additional tax proxies, such as book-tax differences, deferred tax expense, accounting effective tax rate, and long-run effective tax rate. Comparative studies across ASEAN emerging markets would further clarify whether the performance-mediated tax strategy model also applies in different institutional environments.

Acknowledgement

The authors would like to express their sincere gratitude to all individuals and institutions that contributed to the successful completion of this study. The authors acknowledge the support, cooperation, and valuable insights provided by all participants, research partners, and relevant stakeholders involved in the data collection and research process. Appreciation is also extended to the affiliated institutions for providing academic and administrative support throughout the study. The authors further thank colleagues and reviewers for their constructive comments and suggestions that helped improve the quality of this manuscript. This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors. Any remaining errors, interpretations, or omissions are solely the responsibility of the authors.

Author Contributions

DD, as the first author, was responsible for the main conceptualization of the study, development of the research framework, formulation of the research problem, preparation of the manuscript draft, interpretation of the empirical findings, and final integration of all manuscript components. RMP, as the second author, contributed to the study design, methodological refinement, data processing, statistical analysis, and validation of the empirical model. AK, as the third author, supported the literature review development, reference organization, data verification, and manuscript revision. HW, as the fourth author, provided supervision, critical academic review, theoretical refinement, and final approval of the manuscript. All authors reviewed, contributed to, and approved the final version of the manuscript before submission.

References

Ado, R., & Tanko, U. M. (2024). Effect of real earnings management on tax planning of listed manufacturing firms in Nigeria. *International Journal of Financial, Accounting, and Management*, *6*(2), 231-243. https://doi.org/10.35912/ijfam.v6i2.2100

Alkurdi, A., & Mardini, G. H. (2020). The impact of ownership structure and the board of directors' composition on tax avoidance strategies: Empirical evidence from Jordan. *Journal of Financial Reporting and Accounting*, *18*(4), 795-812. https://doi.org/10.1108/JFRA-01-2020-0001

Ardiles, M., Yuliansyah, Y., & Suhendro, S. (2024). The effect of transfer pricing, thin capitalization, deferred tax, and inventory intensity on tax avoidance. *Journal of Multidisciplinary Academic and Practice Studies*, *2*(2), 105-122. https://doi.org/10.35912/jomaps.v2i2.2137

Armstrong, C. S., Blouin, J. L., Jagolinzer, A. D., & Larcker, D. F. (2015). Corporate governance, incentives, and tax avoidance. *Journal of Accounting and Economics*, *60*(1), 1-17. https://doi.org/10.1016/j.jacceco.2015.02.003

Badertscher, B. A., Katz, S. P., & Rego, S. O. (2013). The separation of ownership and control and corporate tax avoidance. *Journal of Accounting and Economics*, *56*(2-3), 228–250. https://doi.org/10.1016/j.jacceco.2013.08.005

Chali, B. D., & Lakatos, V. (2026). Corporate governance and financial performance: Bibliometric-systematic literature reviews (B-SLR). *International Journal of Financial Studies*, *14*(6), 157-177. https://doi.org/10.3390/ijfs14060157

Desai, M. A., & Dharmapala, D. (2006). Corporate tax avoidance and high-powered incentives. *Journal of Financial Economics*, *79*(1), 145-179. https://doi.org/10.1016/j.jfineco.2005.02.002

Duhoon, A., & Singh, M. (2023). Corporate tax avoidance: A systematic literature review and future research directions. *LBS Journal of Management & Research*, *21*(2), 197-217. https://doi.org/10.1108/LBSJMR-12-2022-0082

Dyreng, S. D., Hanlon, M., & Maydew, E. L. (2010). The effects of executives on corporate tax avoidance. *The Accounting Review*, *85*(4), 1163-1189. https://doi.org/10.2308/accr.2010.85.4.1163

Efenyumi, P.-M. E., & Nworie, G. O. (2025). Tax planning and shareholder wealth maximization among listed banks in Nigeria. *International Journal of Financial, Accounting, and Management*, *7*(1), 91-104. https://doi.org/10.35912/ijfam.v7i1.2756

Elamer, A. A., Boulhaga, M., & Ibrahim, B. A. (2024). Corporate tax avoidance and firm value: The moderating role of environmental, social, and governance (ESG) ratings. *Business Strategy and the Environment*, *33*(7), 7446-7461. https://doi.org/10.1002/bse.3881

Graham, J. R., Hanlon, M., Shevlin, T., & Shroff, N. (2014). Incentives for tax planning and avoidance: Evidence from the field. *The Accounting Review*, *89*(3), 991-1023. https://doi.org/10.2308/accr-50678

Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, *50*(2-3), 127–178. https://doi.org/10.1016/j.jacceco.2010.09.002

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305-360. https://doi.org/10.1016/0304-405X(76)90026-X

Koay, G. Y., & Sapiei, N. S. (2025). The role of corporate governance on corporate tax avoidance: A developing country perspective. *Journal of Accounting in Emerging Economies*, *15*(1), 84-105. https://doi.org/10.1108/JAEE-01-2023-0022

Kovermann, J., & Velte, P. (2019). The impact of corporate governance on corporate tax avoidance: A literature review. *Journal of International Accounting, Auditing and Taxation*, *36*. https://doi.org/10.1016/j.intaccaudtax.2019.100270

Lanis, R., & Richardson, G. (2012). Corporate social responsibility and tax aggressiveness: An empirical analysis. *Journal of Accounting and Public Policy*, *31*(1), 86-108. https://doi.org/10.1016/j.jaccpubpol.2011.10.006

Minnick, K., & Noga, T. (2010). Do corporate governance characteristics influence tax management?. *Journal of Corporate Finance*, *16*(5), 703–718. https://doi.org/10.1016/j.jcorpfin.2010.08.005

Morck, R., Shleifer, A., & Vishny, R. W. (1988). Management ownership and market valuation: An empirical analysis. *Journal of Financial Economics*, *20*(1-2), 293–315. https://doi.org/10.1016/0304-405X(88)90048-7

NA, M. D., Yuliansyah, Y., & Oktavia, R. (2025). The impact of fiscal loss compensation and corporate governance on tax avoidance: The moderating role of foreign share ownership. *Global Academy of Multidisciplinary Studies*, *2*(1), 1-19. https://doi.org/10.35912/gams.v2i1.3391

OECD. (2025). *Revenue statistics in Asia and the Pacific 2025: Personal income taxation in Asia and the Pacific*.

OJK (Otoritas Jasa Keuangan). (2024). Peraturan otoritas jasa keuangan nomor 4 tahun 2024 tentang laporan kepemilikan atau setiap perubahan kepemilikan saham perusahaan terbuka dan laporan aktivitas menjaminkan saham perusahaan terbuka. Retrieved from https://ojk.go.id

OJK (Otoritas Jasa Keuangan). (2024b). Peraturan otoritas jasa keuangan nomor 45 tahun 2024 tentang pengembangan dan penguatan emiten dan perusahaan publik. Retrieved from https://ojk.go.id

Opudu, O. D. (2026). Does aggressive tax strategy enhance or hinder capital efficiency in financial sector firms. *International Journal of Financial, Accounting, and Management*, *7*(4), 655-666. https://doi.org/10.35912/ijfam.v7i4.2858

Pavlou, C., Persakis, A., & Kolias, G. (2025). The impact of board characteristics on tax avoidance: Do industry regulations matter?. *Journal of Risk and Financial Management*, *18*(6), 287. https://doi.org/10.3390/jrfm18060287

Richardson, G., & Lanis, R. (2007). Determinants of the variability in corporate effective tax rates and tax reform: Evidence from Australia. *Journal of Accounting and Public Policy*, *26*(6), 689-704. https://doi.org/10.1016/j.jaccpubpol.2007.10.003

Richardson, G., Taylor, G., & Lanis, R. (2013). The impact of board of director oversight characteristics on corporate tax aggressiveness: An empirical analysis. *Journal of Accounting and Public Policy*, *32*(3), 68-88. https://doi.org/10.1016/j.jaccpubpol.2013.02.004

Salihu, I. A., Annuar, H. A., & Sheikh Obid, S. N. (2015). Foreign investors' interests and corporate tax avoidance: Evidence from an emerging economy. *Journal of Contemporary Accounting & Economics*, *11*(2), 138-147. https://doi.org/10.1016/j.jcae.2015.03.001

Sritharan, N., Salawati, S., Sharon, C. C. S., & Syubaili, M. A. (2022). Corporate tax avoidance: A systematic literature review and research agenda. *International Journal of Academic Research in Business and Social Sciences*, *12*(8), 1104-1128. https://doi.org/10.6007/IJARBSS/v12-i8/14683

Velte, P. (2024). Ownership structure and corporate tax avoidance: A structured literature review on archival research. *Journal of Applied Accounting Research*, *25*(3), 696-731. https://doi.org/10.1108/JAAR-10-2022-0259

Wahab, N. S. A., & Holland, K. (2012). Tax planning, corporate governance and equity value. *The British Accounting Review*, *44*(2), 111-124. https://doi.org/10.1016/j.bar.2012.03.005

Yahaya, M. B., Oon, E. Y. N., & Jusoh, R. (2026). Board structure, executive attributes and corporate tax avoidance: A systematic literature review. *Asian Review of Accounting*, *34*(1), 1-29. https://doi.org/10.1108/ARA-09-2023-0245