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THE INFLUENCE OF ORGANIZATIONAL CAPITAL, FIRM SIZE, AND CEO OVERCONFIDENCE ON TAX AVOIDANCE: THE MODERATING ROLE OF GENDER DIVERSITY

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Abstract: Tax avoidance is a corporate strategy aimed at legally reducing tax liabilities by exploiting loopholes in tax regulations. This study aims to examine the influence of organizational capital, firm size, and CEO overconfidence on tax avoidance, while also investigating the moderating role of gender diversity. The research sample consists of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. After detecting and removing outliers, a total of 377 observations were used for analysis. Prior to analysis, several variables were transformed using the natural logarithm to meet the assumption of normality. The data were analyzed using Moderated Regression Analysis (MRA) with the assistance of SPSS software. The results reveal that both organizational capital and CEO overconfidence have a positive and significant effect on tax avoidance, while firm size has a negative and significant effect. Gender diversity significantly moderates the relationship between organizational capital and firm size on tax avoidance, but does not moderate the effect of CEO overconfidence. These findings reinforce agency theory, emphasizing the critical role of internal corporate characteristics and managerial behavior in shaping tax avoidance strategies. This study is expected to provide valuable insights for managers, regulators, and future researchers in understanding the dynamics of tax avoidance in Indonesia.
Keywords: Organizational Capital, Firm Size, CEO Overconfidence, Gender Diversity, Tax Avoidance.

INTRODUCTION

State revenue is one of the primary components that supports a country's economy, sustains long-term growth, and funds government operations both domestically and internationally. One of the key sources of revenue used to finance national development is taxation (Gayatri & Damayanthi, 2024). There are three main tax collection systems: the official assessment system, the self-assessment system, and the withholding system. Indonesia adopts the self-assessment system, wherein taxpayers are granted the authority to calculate and report their own tax liabilities (Sulaeman, 2021). This system opens opportunities for taxpayers, particularly corporations, to reduce their tax obligations through cost-reduction strategies, including tax expenses—a practice known as tax avoidance. Tax avoidance refers to strategies employed by companies to minimize tax payments without violating existing tax laws. This is done by exploiting loopholes in tax regulations to reduce taxable income (Pohan, 2018). One such legal strategy is tax planning, where firms attempt to lower their tax burden by complying with the law but ensuring that taxes paid do not exceed what is required (Nurhasan, 2023).

According to PSAK 46, corporate profit consists of two components: accounting profit (commercial) and fiscal profit (tax-based). The differences between these two calculations create a gap often utilized for tax avoidance. In Indonesia, tax revenue is strategically targeted in the national budget (APBN), yet significant losses are still reported.

The Tax Justice Network predicts that Indonesia will face annual losses of approximately USD 4.86 billion, equivalent to IDR 79.3 trillion (with the exchange rate at IDR 16,320 per USD) (pajakku.com, 2020). In the article titled The State of Tax Justice 2020: Tax Justice in the Time of COVID-19, corporate taxpayers engaged in tax avoidance in Indonesia are responsible for losses amounting to IDR 79.3 trillion, with a total of USD 4.78 billion or approximately IDR 78 trillion. The remainder of the losses are attributed to individual taxpayers, amounting to USD 78.83 million, or around IDR 1.28 trillion. Tax avoidance schemes across countries can be categorized into acceptable tax avoidance and unacceptable tax avoidance. One notable case of tax avoidance in Indonesia involves PT Adaro Energy Indonesia Tbk (Sugianto, 2019). PT Adaro Energy engaged in tax avoidance by transferring profits from coal mining operations in Indonesia to its subsidiary in Singapore, Coaltrade Services International. Through this strategy, PT Adaro Energy Indonesia Tbk managed to reduce its tax burden by USD 125 million, which would have otherwise been paid to Indonesia.

Similarly, a dispute between Coca-Cola Company and the United States tax authorities, the Internal Revenue Service (IRS), highlights another example of tax avoidance. The case began with a notice of underpayment in September 2015, amounting to USD 3.3 billion for the period 2007-2009. However, in 2019, the case was taken to court, resulting in a decision stating that Coca-Cola Company was not entitled to substantial profits from its assets. In the same group, PT Coca-Cola Indonesia was also found to have manipulated its taxes, resulting in an underpayment of taxes amounting to IDR 49.24 billion. Investigations by the Directorate General of Taxes revealed that the company had engaged in tax avoidance through substantial cost inflation, including advertising expenses from 2002 to 2006, totaling IDR 566.84 billion (Az'zahra & Halimatusadiah, 2023).

Hassan et al. (2022) argue that companies engage in tax avoidance by investing in organizational capital. Organizational capital refers to knowledge that is specifically known by a company's internal members, comprising systems and procedures that allow the company to manage its economic resources more efficiently (Gao et al., 2021). Rossa and Husadha (2023) note that companies with high organizational capital are better able to implement tax avoidance and maximize tax efficiency. Previous studies on the relationship between organizational capital and tax avoidance, such as Jumriati and Tina (2023), suggest that organizational capital influences tax avoidance. However, Fahri & Fahria (2023) found that organizational capital does not have a significant effect on tax avoidance.

As a company's capital increases, its capacity to grow and expand operations also rises. According to agency theory, company capital can be utilized by agents to enhance their compensation performance, particularly by reducing corporate tax burdens to improve the company's overall performance (Gayatri & Damayanthi, 2024). Company size, as a value that classifies firms into large or small categories, can be measured in several ways, such as total assets, market value, average sales levels, and total sales (Cahyono et al., 2016 in Ulfa et al., 2021). The size of a company plays a crucial role in determining its decisions regarding tax avoidance. The larger the company, the greater its ability to generate profits, leading to higher tax liabilities. Therefore, the larger a company's size, the more likely it is to engage in tax avoidance to maintain profitability. Previous studies, such as Gayatri & Damayanthi (2024) and Pujiastuti and Subkhan (2023), support the idea that company size influences tax avoidance. However, research by Ulfa et al. (2021) and Saputra & Mujiyati (2024) found that company size does not affect tax avoidance.

The decision to engage in tax avoidance is not accidental but rather a decision made by management or a corporate policy outcome. The willingness of executives to make decisions regarding tax avoidance is influenced by the company's business risk profile. Executives are categorized as either risk-takers or risk-averse (Rangkuti et al., 2017). When executives are more inclined to take risks, the company is more likely to take bold actions, such as deciding whether to engage in tax avoidance and how much tax avoidance to implement (Pujilestari & Vinegar, 2018). Research has shown that executive characteristics play a significant role in tax avoidance, as evidenced by studies from Merkusiwati & Damayanthi (2019), Haztania & Lestari (2023), Lestari et al. (2023), and Prasatya et al. (2020). However, other studies, including those by Efendi et al. (2022), Djolafo (2022), and Pujiastuti and Subkhan (2023), have found no significant relationship between executive characteristics and tax avoidance.

Directors and tax consultants are directly responsible for tax avoidance within a company. This aligns with agency theory, which highlights a contract between principals (shareholders) and agents (executives) who are entrusted with the authority to make decisions related to the principal's interests (Jensen & Meckling, 1976). In this context, the composition of the board of directors, particularly gender diversity, can influence decisions regarding tax avoidance (Prasetyo, 2019). According to Ambarsari et al. (2018), gender diversity brings different perspectives and strategic ideas, which can influence decision-making processes. Men and women on the board often exhibit differing decision-making behaviors, with female directors generally being more cautious in high-risk decisions than their male counterparts (Novita, 2016). Female directors tend to avoid high-risk decisions, whereas male directors are more dominant and willing to take higher risks, which might influence the company's tax avoidance strategies (Kusnindar, 2019). Several studies have found that companies with more female directors tend to engage in less tax avoidance (Oktivina et al., 2020; Budiana & Kusuma, 2022).

Based on the above background, this study replicates research by Rossa and Husadha (2023) to examine the consistency of theories explaining the impact of organizational internal factors on tax avoidance, specifically organizational capital, CEO overconfidence, and company size, with gender diversity acting as a moderating variable. Previous research highlighted inconsistent findings regarding CEO overconfidence and its role as a moderator between organizational capital and tax avoidance. This study adds company size as an additional independent variable, given its potential influence on tax avoidance, as supported by research by Oktivina et al. (2020), Qurrotulaini & Anwar (2021), Sofiamanan et al. (2023), Oktavia et al. (2021), and Purbowati (2021). However, other studies have found that company size does not affect tax avoidance (Alya, 2021; Waruwu et al., 2019; Mu'minah et al., 2023). Therefore, this study aims to investigate the impact of organizational capital, company size, and CEO overconfidence on tax avoidance, with gender diversity moderating these relationships.

METHODOLOGY

This study employs an associative quantitative approach to examine the relationships between organizational capital, company size, CEO overconfidence, and tax avoidance, with gender diversity serving as a moderating variable. This design is selected because it allows for the objective and measurable analysis of causal relationships between variables through numerical data and statistical methods. The research focuses on manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2019-2023, with purposive sampling used to select companies based on criteria such as the completeness of financial statements and continued listing on the IDX during the specified period (Sugiyono, 2019).

The main variables in this study include tax avoidance as the dependent variable, measured using the Effective Tax Rate (ETR) ratio. The three independent variables consist of organizational capital (proxied by the ratio of Selling, General and Administrative expenses to total assets), company size (measured by the natural logarithm of total assets), and CEO overconfidence (measured by sales growth). Gender diversity acts as the moderating variable, measured using the Blau Index to assess gender equality in the distribution within the board of directors. This operational definition ensures that each variable can be accurately and consistently measured in line with the quantitative research approach (Rossa & Husadha, 2023; Pratiwi, 2024; Zhang et al., 2022).

The data used in this study are secondary data sourced from company financial and annual reports, as well as previous scientific literature. The data collection method is non-participatory observation through publicly available documents on the website www.idx.co.id. Data analysis is conducted using Moderated Regression Analysis (MRA) to test whether gender diversity strengthens or weakens the relationship between the independent variables and tax avoidance. Prior to hypothesis testing, a series of classical assumption tests are performed, including normality, multicollinearity, autocorrelation, and heteroskedasticity, to ensure the adequacy of the regression model used (Ghozali, 2018; Utama, 2016).

RESULTS AND DISCUSSION

Classical Assumption Testing

1) Normallity Test

Table 1. Normality Test Results

Equation	Monte Carlo. Sig. (2-tailed) Kolmogorov-Smirnov Z
Sub-struktural 1	0,181

Source: Data Processed, 2025

The Kolmogorov-Smirnov value is greater than the alpha value of 0.05, indicating that the data used in this study follows a normal distribution. Therefore, it can be concluded that the model satisfies the normality assumption.

2) Autocorrelation Test

Table 2. Autocorrelation Test Results

N	K	dU	Durbin-Watson
377	3	1,817	1,973

Source: Data Processed, 2025

With a significance level of 0.05, 377 observations (n), and 3 independent variables (k), the upper Durbin-Watson bound (dU) is 1.817. The Durbin-Watson value of 1.973 falls between dU and 4-dU ($1.817 < 1.973 < 2.029$). Thus, it can be concluded that the model does not exhibit autocorrelation, meaning the residuals are not correlated, and the data is suitable for prediction.

3) Heteroscedasiticity Test

Table 3. Heteroscedasiticity Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimeate
1	0,694[a]	0,482	0,476	0,04395

Source: Data Processed, 2025

Based on the heteroscedasticity test using the Park test method, Table 3 shows an R-squared value of 0.476. The calculated value of C2C^2C2 is 377×0.476=179.452377 \times 0.476 = 179.452377×0.476=179.452, while the table value of C2C^2C2 (df = 377-1 = 376) is 394.626. Since the calculated value of C2C^2C2 (179.452) is less than the table value (394.626), we can conclude that the model is free from heteroscedasticity.

Moderated Regression Analysis (MRA) Results

Table 4 Moderated Regression Analysis (MRA) Results

Model		**Unstandardized Coefficients B**	**Unstandardized Coefficients Std. Error**	**Standardized Coefficients Beta**	**t**	**Sig.**
1	(Constant)	0,279	0,056		4,948	0,000
	Organizational Capital	0,274	0,025	0,604	10,836	0,000
	Firm Size	-0,004	0,002	-0,121	-2,184	0,030
	CEO Overconfidence	0,091	0,011	0,421	8,646	0,000
	Gender Diversity	0,981	0,291	3,081	3,374	0,001
	LN_X1.M	0,278	0,091	0,203	3,045	0,002
	X2.M	-0,033	0,010	-2,963	-3,194	0,002
	LN_X3.M	0,023	0,035	0,033	0,660	0,510

Source: Data Processed, 2025

Based on the MRA test results in Table 4, the regression model is as follows:

$$Y = 0{,}279 + 0{,}274X_1 - 0{,}004X_2 + 0{,}091X_3 + 0{,}981M + 0{,}278X_1.M - 0{,}033X_2.M + 0{,}023X_3.M + \varepsilon$$

Interpretation of the Regression Model:

1) The constant value of 0.279 statistically shows that if organizational capital (X1), company size (X2), CEO overconfidence (X3), the interaction between organizational capital and gender diversity (X1.M), the interaction between company size and gender diversity (X2.M), and the interaction between CEO overconfidence and gender diversity (X3.M) are constant, tax avoidance will have a value of 0.279.
2) The regression coefficient for organizational capital (X1) of 0.274 indicates that for every one-unit increase in organizational capital, with other independent variables held constant, the tax avoidance variable will increase by 0.274 units.
3) The regression coefficient for company size (X2) of -0.004 shows that for every one-unit increase in company size, with other independent variables held constant, the tax avoidance variable will decrease by 0.004 units.
4) The regression coefficient for CEO overconfidence (X3) of 0.091 indicates that for every 1% increase in CEO overconfidence, with other independent variables held constant, tax avoidance will increase by 0.091%.

5) The regression coefficient for gender diversity (M) of 0.981 shows that for every one-unit increase in gender diversity, with other independent variables held constant, the tax avoidance variable will increase by 0.981 units.
6) The regression coefficient for the interaction between organizational capital and gender diversity (X1.M) of 0.278 indicates that for every one-unit increase in the interaction of organizational capital and gender diversity, with other independent variables held constant, the tax avoidance variable will increase by 0.278 units.
7) The regression coefficient for the interaction between company size and gender diversity (X2.M) of -0.033 shows that for every one-unit increase in the interaction of company size and gender diversity, with other independent variables held constant, the tax avoidance variable will decrease by 0.033 units.
8) The regression coefficient for the interaction between CEO overconfidence and gender diversity (X3.M) of 0.023 indicates that for every one-unit increase in the interaction of CEO overconfidence and gender diversity, with other independent variables held constant, the tax avoidance variable will increase by 0.023 units.

Model Fit Test (F-Test)

Table 5. Model Fit Test (F-Test) Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0,693	7	0,099	52,639	0,000[b]
	Residual	0,694	369	0,002		
	Total	1,387	376			

Source: Data Processed, 2025

The F-value is 52.639, with a significance level of 0.000. Since the significance value is smaller than 0.05, it can be concluded that the regression model is statistically significant at the 5% level. Therefore, the regression model is considered statistically appropriate and reliable for prediction purposes.

Coefficient of Determination Test (R^2)

The coefficient of determination (R-squared) test is conducted to determine the extent to which the independent variables explain the variation in the dependent variable. An R-squared value close to 1 indicates that the independent variables have a better ability to explain the variation in the dependent variable. The results of the R-squared test are presented in Table 6.

Tabel 6. Testing R^2

R	R Square	Adjusted R Square	Std. Error of the Estimate
0,707[a]	0,500	0,490	0,04336

Source: Data Processed, 2025

Based on Table 6, the Adjusted R^2 value is 0.490, meaning that approximately 49% of the variation in tax avoidance can be explained by the independent variables, including organizational capital, company size, CEO overconfidence, gender diversity, and their interaction effects. The remaining 51% is explained by other factors not covered in this study.

Hypothesis Testing (t-Test)

The hypothesis testing (t-test) is conducted to determine the partial effect of each independent variable on the dependent variable. If the significance value is ≤ 0.05, the hypothesis is accepted, indicating that the independent variable has a significant effect on the dependent variable. On the other hand, if the significance value is > 0.05, the research hypothesis is rejected, and the independent variable does not have a significant effect on the dependent variable. The results of the t-test are presented in Table 4

Based on Table 4, the effects of each independent variable on the dependent variable are explained as follows:

1) The Effect of Organizational Capital on Tax Avoidance

    The t-test results in Table 4 show that the regression coefficient for organizational capital is 0.274 with a significance value of <0.001. Since the significance value is less than 0.05, it can be concluded that organizational capital has a positive and significant effect on tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2023. Thus, H1, which posits that organizational capital has a positive and significant effect on tax avoidance, is accepted, while H0 is rejected.

2) The effect of Company Size on tax Avoidance

    The t-test results in Table 4 show that the regression coefficient for company size is -0.004 with a significance value of 0.030. Since the significance value is less than 0.05, it can be concluded that company size has a negative and significant effect on tax avoidance in manufacturing companies listed on the IDX during the period 2020–2023. Therefore, H2, which posits that company size has a positive and significant effect on tax avoidance, is rejected due to the negative effect found, while H0 is accepted.

3) The Effect of CEO Overconfidence on tax Avoidance

    The t-test results in Table 4 show that the regression coefficient for CEO overconfidence is 0.091 with a significance value of <0.001. Since the significance value is less than 0.05, it can be concluded that CEO overconfidence has a positive and significant effect on tax avoidance in manufacturing companies listed on the IDX during the period 2020–2023. Thus, H3, which posits that CEO overconfidence has a positive and significant effect on tax avoidance, is accepted, while H0 is rejected.

4) Gender Diversity Moderating the Effect of Organizational Capital on Tax Avoidance

    The t-test results in Table 4 show that the regression coefficient for the interaction between organizational capital and gender diversity is 0.278 with a significance value of 0.002. This indicates that gender diversity can moderate/strengthen the effect of organizational capital on tax avoidance in manufacturing companies listed on the IDX during the period 2020–2023. Therefore, H4, which posits that gender diversity moderates the effect of organizational capital on tax avoidance, is accepted, while H0 is rejected.

5) Gender Diversity Moderating the Effect of Company Size on Tax Avoidance

    The t-test results in Table 4 show that the regression coefficient for the interaction between company size and gender diversity is -0.033 with a significance value of 0.002. This indicates that gender diversity weakens the effect of company size on tax avoidance in manufacturing companies listed on the IDX during the period 2020–2023. Therefore, H5, which posits that gender diversity moderates the effect of company size on tax avoidance, is accepted, while H0 is rejected.

6) Gender Diversity Moderating the Effect of CEO Overconfidence on Tax Avoidance

    The t-test results in Table 4 show that the regression coefficient for the interaction between CEO overconfidence and gender diversity is 0.023 with a significance value of 0.510. This indicates that gender diversity does not moderate the effect of CEO overconfidence on tax avoidance in manufacturing companies listed on the IDX during the period 2020–2023. Therefore, H6, which posits that gender diversity moderates the effect of CEO overconfidence on tax avoidance, is rejected, while H0 is accepted.

Discussion of Research Findings

The Effect of Organizational Capital on Tax Avoidance

The first hypothesis (H1) posits that organizational capital has a positive effect on tax avoidance. The test results confirm this hypothesis, showing a significant positive relationship between organizational capital and tax avoidance. This implies that the higher the selling, general, and administrative (SG&A) expenses relative to total assets, the greater the firm's tendency to engage in tax avoidance. Firms with high organizational capital typically foster a culture of continuous learning and knowledge accumulation. This learning process encourages systematic documentation and meticulous archiving of critical data. Codified, integrated, and institutionally embedded knowledge provides strategic guidance for future business activities.

These findings are consistent with Asnaashari et al. (2023), who found that organizational capital positively influences tax avoidance. Firms with strong organizational capital are able to leverage well-documented business practices, structured processes, and advanced systems to optimize their tax planning strategies. They can also identify and exploit tax avoidance opportunities more efficiently and at lower costs. This capability enables firms to strategically allocate profits across business segments to maximize gains while benefiting from tax rate differentials, incentives, and tax relief programs. In essence, the stronger a firm's organizational capital, the more capable it is of implementing tax avoidance strategies effectively.

From the perspective of agency theory, the impact of organizational capital on tax avoidance may be influenced by ownership structure. In firms with dispersed ownership, where shareholders are not directly involved in decision-making, managers have greater discretion to engage in tax avoidance for their own benefit. Conversely, in firms with concentrated ownership, where shareholders exert more control over strategic decisions, managers are more likely to utilize organizational capital to pursue efficient tax management and maximize firm value (Asnaashari et al., 2023).

The Effect of Firm Size on Tax Avoidance

The second hypothesis (H2) proposed that firm size has a positive effect on tax avoidance. However, the analysis reveals a **negative** and significant relationship between firm size and tax avoidance. Firms with larger asset bases are generally better positioned to engage in tax planning due to their ability to increase operating revenues, reduce costs, and manage tax burdens more effectively. In practice, larger firms can operate at optimal capacity and benefit from economies of scale, thereby lowering their operating costs. This, in turn, leads to a lower effective tax rate (ETR) and a higher tendency toward tax avoidance. In other words, the larger the firm size, the lower the ETR paid, and the higher the likelihood that the firm engages in tax avoidance activities.

These findings support the study by Darmansyah et al. (2022), which found that firms with larger assets are more inclined to engage in tax avoidance. Larger asset ownership provides greater opportunities to boost operational income, which may lead to higher tax obligations at year-end. As a result, firms are more likely to implement tax planning strategies to reduce their fiscal burden. Additionally, large firms typically have more capacity to utilize resources efficiently and create higher added value compared to smaller firms. The greater the size of the firm, the more complex and diverse its transactions, which in turn presents more opportunities for management to exploit loopholes in tax regulations to facilitate tax avoidance.

In alignment with agency theory, these results highlight the relationship between owners (principals) and managers (agents) in the context of tax avoidance. In large firms with significant asset bases, managers have more freedom and resources to make decisions that affect the amount of tax paid. In the pursuit of shareholder value maximization, managers may be incentivized to engage in tax avoidance to reduce tax liabilities and increase net profits. However, due to the complexity and variety of transactions in large firms, managers may be more inclined to explore regulatory gaps, which can lead to more aggressive tax avoidance practices. This situation underscores a potential agency conflict, where managers take tax-related risks to achieve short-term financial goals, which may not always align with the firm's long-term interests.

The Effect of CEO Overconfidence on Tax Avoidance

The third hypothesis (H3) posits that CEO overconfidence positively influences tax avoidance. The empirical results confirm this hypothesis, indicating that overconfident CEOs are more inclined to engage in tax avoidance practices. This behavior stems from their desire to demonstrate their ability to manage corporate taxes efficiently and to use the resulting cost savings to fund investments and innovation—ultimately enhancing their personal image as superior leaders (Sutrisno et al., 2022). Overconfident CEOs also tend to exploit loopholes in tax regulations, such as the use of interest deductions or profit shifting to affiliated companies, to minimize tax burdens. While these strategies may offer short-term benefits, they carry potential long-term risks, including reputational damage and regulatory sanctions.

These findings align with Sutrisno et al. (2022), who noted that overconfident CEOs tend to exhibit specific managerial behaviors such as excessive investment, high debt-to-asset ratios, optimistic communication tones, and positive net emotional expressions in corporate disclosures. Such behavioral patterns reflect a greater risk appetite in decision-making. One way they support such activities is by implementing aggressive tax planning strategies to free up capital for future investment and business expansion.

From an agency theory perspective, this condition highlights a potential conflict of interest between management and shareholders. Managers may pursue aggressive strategies, such as tax avoidance, to boost short-term earnings or protect their reputations, even at the expense of long-term corporate value. Although tax efficiency strategies may appear to benefit the company financially, they also pose legal and reputational risks that can undermine shareholder interests in the long run.

Gender Diversity as a Moderator of the Relatonship Between Organizational Capital and Tax Avoidance

The fourth hypothesis (H4) states that gender diversity moderates the relationship between organizational capital and tax avoidance. The analysis supports this hypothesis, showing that the presence of women on corporate boards strengthens the effect of organizational spending (particularly SG&A expenses) on tax avoidance practices. Female board members are perceived to influence corporate decision-making through their strategic roles in policy formulation, including tax-related strategies.

This finding aligns with Rossa and Husadha (2023), who found that gender diversity on boards is associated with lower effective tax rates (ETR). Women are considered more adept at navigating complex tax regulations and efficiently leveraging tax rate differences, preferences, and exemptions. This competency enables firms to design more targeted tax strategies that legally and optimally reduce tax liabilities. Thus, gender diversity in leadership positions can enhance the effectiveness of strategic tax avoidance policies.

Gender Diversity as a Moderator of the Between Firm Size and Tax Avoidance

The fifth hypothesis (H5) posits that gender diversity moderates the effect of firm size on tax avoidance. The results indicate that gender diversity weakens the positive relationship between firm size and tax avoidance. The presence of women in management or board positions is believed to improve monitoring quality and reinforce ethical values in decision-making processes, thereby reducing the tendency of large firms to engage in aggressive tax avoidance. Although larger firms have more opportunities for tax avoidance due to their complexity and resource availability, the involvement of women in strategic roles is often associated with more conservative approaches and stronger compliance with tax regulations. This is attributed to women's tendency to be more cautious in decision-making, possess higher ethical sensitivity, and prioritize long-term sustainability over short-term gains.

These findings are in line with Hossain et al. (2024), who showed that female board representation significantly and negatively moderates the relationship between firm size and tax avoidance. In other words, while larger firms are typically more inclined to avoid taxes, a higher proportion of women on the board can mitigate this tendency through enhanced oversight, prudence, and ethical leadership in strategic decision-making.

Gender Diversity as a Moderator of the Relationship Between CEO Overconfidence and Tax Avoidance

The sixth hypothesis (H6) proposes that gender diversity moderates the relationship between CEO overconfidence and tax avoidance. However, the analysis reveals that gender diversity does **not** significantly moderate this relationship. This finding suggests that variations in gender composition on the board are insufficient to reduce the tendency of overconfident CEOs to engage in tax avoidance practices. In many companies, the proportion of female board members remains low, limiting their ability to counterbalance dominant CEO behaviors. Previous studies have shown that when women are underrepresented, their voices often lack the influence needed to alter board decisions, especially when these are heavily driven by overconfident male CEOs (Khatib & Alsharif, 2021).

The rejection of H6 supports the findings of Jevita & Siregar (2023), who emphasized that CEO traits—such as overconfidence—play a more dominant role than board composition in tax decision-making. Accordingly, this study indicates that gender diversity alone may not be strong enough to control aggressive tax-related decision-making driven by CEO overconfidence.

CONCLUSION

Based on the results of the analysis and discussion, the following conclusions can be drawn:

1) Organizational capital has a positive and significant effect on tax avoidance among manufacturing firms listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. This finding indicates that the higher the allocation of operational expenses, the greater the likelihood that firms will engage in tax avoidance strategies.
2) Firm size has a negative and significant effect on tax avoidance in listed manufacturing firms. In other words, larger firms tend to exhibit lower levels of tax avoidance, which may be attributed to reputational concerns, increased transparency, and tighter regulatory oversight.

3) CEO overconfidence has a positive and significant effect on tax avoidance. This result suggests that personal characteristics, such as excessive confidence in CEOs, can drive more aggressive tax-related strategic decision-making.
4) Gender diversity positively moderates the relationship between organizational capital and tax avoidance. The presence of women on the board strengthens the impact of operational expenditure allocations on the firm's tendency to avoid taxes.
5) Gender diversity negatively moderates the relationship between firm size and tax avoidance. This implies that gender diversity within the board of directors can reduce the inclination of large firms to exploit tax avoidance opportunities.
6) Gender diversity does not significantly moderate the relationship between CEO overconfidence and tax avoidance. This finding suggests that the presence of female directors has yet to effectively influence or constrain the effect of CEO overconfidence on tax avoidance practices.

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