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**THE IMPACT OF BOARD GENDER DIVERSITY AND CORPORATE  
GOVERNANCE FACTORS ON CORPORATE TAX DISCLOSURE**

**By**

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**Thesis Submitted to  
Tunku Puteri Intan Safinaz School of Accountancy (TISSA-UUM)  
Universiti Utara Malaysia  
In partial fulfilment of the requirements for the Master in Taxation**



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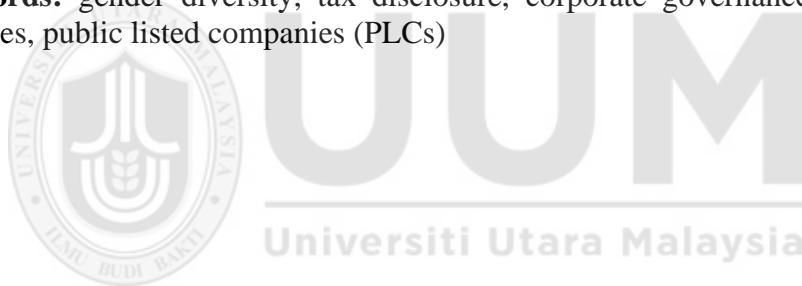


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## ABSTRACT

This study investigates the impact of gender diversity on tax disclosure practices among publicly listed companies in Malaysia, focusing on how female representation on corporate boards, along with other corporate governance factors such as board size, board independence, profitability, and compliance with the Malaysian Code on Corporate Governance (MCCG) and the Tax Corporate Governance Framework (TCGF), influence tax transparency. Using a quantitative approach with data from 55 companies, the analysis found that while gender diversity alone does not significantly impact tax disclosure, compliance with MCCG positively influences tax transparency. Additionally, it was revealed that gender-diverse boards in companies adhering to MCCG and TCGF are more likely to disclose tax-related information. These results suggest that gender diversity contributes to tax transparency only when paired with strong governance frameworks like MCCG and TCGF, highlighting the importance of corporate governance mechanisms in shaping tax disclosure practices. Future research could explore the influence of other diversity factors and governance variables on corporate tax practices.

**Keywords:** gender diversity, tax disclosure, corporate governance, corporate tax practices, public listed companies (PLCs)



## ABSTRAK

Kajian ini mengkaji impak kepelbagaian jantina terhadap amalan pendedahan cukai dalam kalangan syarikat tersenarai awam di Malaysia, dengan memberi tumpuan kepada bagaimana perwakilan wanita dalam lembaga pengarah syarikat, bersama faktor tadbir urus korporat lain seperti seperti saiz lembaga, kebebasan lembaga, keuntungan, dan pematuhan terhadap Kod Tadbir Urus Korporat Malaysia (MCCG) serta Rangka Kerja Tadbir Urus Percukaian Korporat (TCGF) mempengaruhi tahap ketelusan cukai. Menggunakan pendekatan kuantitatif dengan data dari 55 syarikat, analisis mendapati bahawa walaupun kepelbagaian jantina sendiri tidak memberi kesan signifikan terhadap pendedahan cukai, pematuhan dengan MCCG memberi kesan positif terhadap ketelusan cukai. Di samping itu, analisa menunjukkan bahawa lembaga pengarah yang mempunyai kepelbagaian jantina di syarikat yang mematuhi MCCG dan TCGF lebih cenderung untuk mendedahkan maklumat berkaitan cukai. Hasil ini mencadangkan bahawa kepelbagaian jantina hanya memberi sumbangan kepada ketelusan cukai apabila digabungkan dengan rangka kerja tadbir urus yang kukuh seperti MCCG dan TCGF, menekankan kepentingan mekanisme tadbir urus korporat dalam membentuk amalan pendedahan cukai. Penyelidikan akan datang boleh meneroka pengaruh faktor kepelbagaian lain dan pemboleh ubah tadbir urus terhadap amalan cukai korporat.

**Kata kunci:** kepelbagaian jantina, pendedahan cukai, tadbir urus korporat, amalan cukai korporat, syarikat tersenarai awam

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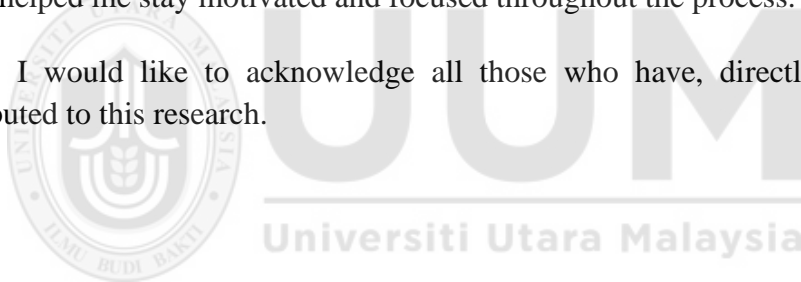
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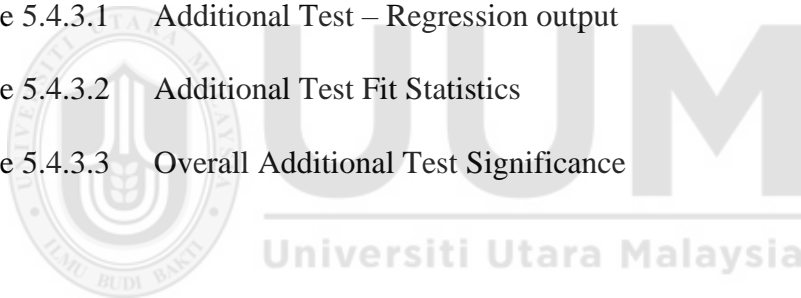
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## LIST OF ABBREVIATIONS

BEPS	Base Erosion and Profit Shifting
ETR	Effective Tax Rate
IRBM	Inland Revenue Board of Malaysia
MCCG	Malaysian Code on Corporate Governance
OECD	Organisation for Economic Co-operation and Development
PLCs	Public Listed Companies
ROA	Return on Assets
SC	Securities Commission
TCGF	Tax Corporate Governance Framework
TDI	Tax Disclosure Index



## CHAPTER 1: INTRODUCTION

### 1.1 Background of the Study

Corporate tax governance is an important enhancement of financial integrity, regulatory compliance, and stakeholder trust. Given worldwide attention on how companies avoid taxes, tax transparency is now more crucial than ever. Breaking tax laws and hiding company tax details can badly damage a company's reputation, expose it to lawsuits and make investors lose their confidence in the enterprise which could seriously affect its survival (Hanlon & Heitzman, 2010).

Diversity in gender among board directors influences the way companies handle tax matters. It has been discovered by researchers that when boards have both male and female members, the company tends to operate with higher ethics, better corporate governance and better financial reporting (Carter et al., 2003; Adams & Ferreira, 2009). It has also been found that having female directors helps a company achieve greater ethical management and practice more openness about taxes (Elouaer et al., 2022; Vacca et al., 2020). However, even though a few studies point out the importance of gender diversity in reducing certain tax-related actions, not much exploration has been done on gender diversity and tax disclosures, the payment of taxes and the design of corporations' governance structures.

The good implications of strong corporate governance systems The Malaysian Code on Corporate Governance (MCCG) explicitly addresses boards gender diversity, asserting that such diversity enhances corporate governance and subsequently fosters greater openness and transparency in audit findings and tax disclosures. However,

there is a shortage of research examining the correlation between board diversity and tax disclosures within the Malaysian business context.

In efforts to improve the way taxes are governed in Malaysia, the Inland Revenue Board of Malaysia (IRBM) set up the Tax Corporate Governance Framework (TCGF). The framework encourages companies to be transparent, responsible and careful in managing risks so they can obey tax regulations. TCGF outlines how to integrate tax governance with the corporate governance structure, making shareholders and other significant stakeholders feel more confident. It helps worldwide efforts to ensure that taxes are more transparent which should make people more confident in tax rules used by companies.

Mgammal and Ismail (2015) remark that tax disclosure in corporate reporting is more vital than ever because it supports the accountability of companies. They claim that tax transparency promotes corporate accountability and examine the practical issues that are associated with tax disclosure. They note that increased transparency will help in adhering to the regulations, reducing tax fraud, and improving operating efficiencies. Although these are the benefits, the disclosure of taxes may have disadvantages in terms of competition and the information about taxes can be too complex to be understood by the people.

Given the significant concerns over tax avoidance, understanding the role of gender diversity in tax disclosure practices becomes imperative. Gender-diverse boards, particularly those with female directors, are theorized to foster greater ethical decision-making and increase the willingness of corporations to disclose detailed tax-related information. Female directors, in particular, are often viewed as more ethical and socially responsible, with a stronger inclination toward transparency and corporate

accountability. Therefore, it is hypothesized that gender-diverse boards may reduce the likelihood of engaging in aggressive tax avoidance and encourage more transparent and detailed tax disclosures.

Despite these findings, little research has been carried out to investigate the impact of gender diversity on tax disclosures and particularly in the emerging markets like Malaysia. This study aims at determining the effect of gender diversity on tax disclosure practices considering other significant dimensions of corporate governance such as the size of the board, independence, profitability and compliance with key frameworks such as the MCCG and the TCGF.

## **1.2 Motivation of the Study**

The increasing interest of the world on the tax transparency as well as ethical discharge of tax responsibilities has spawned massive changes on the corporate governance model, and regulatory frameworks. This has contributed to increased global pressure to greater tax transparency, notably on the back of prominent scandals and media exposure in tax avoidance and tax base erosion, where businesses may now be required to clarify more fully their tax avoidance policy. A plan of action of the OECD called Base Erosion and Profit Shifting (BEPS) is one of the largest incentives in this international trend, in that it seeks to help multinational corporations to be more transparent when it comes to their taxes (OECD, 2016). As a reaction towards this, many countries, including Malaysia, have established or are on the progress of establishing systems like TCGF as another attempt to the process of enforcement of ethical tax reporting. Based on these global trends, the literature shows that gender-diversified boards will stand a high probability of adhering to the principles of transparency because the results are performed based on their increased concern over

ethical governance and accountability (Hughes & Quaglietti, 2021). Empirical studies also highlight the reason why it is important that a high gender representation on a board, which is linked to high disclosure and ethical conduct advocacy rates.

Gender diversity on corporate boards has been proposed as a key factor that could influence the adoption of transparent tax practices. Studies indicate that boards with greater gender diversity tend to have stronger ethical stances, higher levels of corporate social responsibility (CSR), and more transparent decision-making processes (Carter et al., 2003; Adams & Ferreira, 2009). Female directors, in particular, are often seen as more attuned to social responsibility and more likely to advocate for the ethical handling of corporate tax matters. Consequently, gender-diverse boards are thought to be more inclined to disclose detailed tax-related information, which could reduce the likelihood of companies engaging in aggressive tax avoidance strategies.

Compared to the abundance of research conducted to investigate the impact of gender-diverse board on corporate governance, financial performance and corporate social responsibility (CSR), there are fewer studies which focus on gender diversity regarding tax transparency. There is a lack of research in linking gender-diverse boards and tax disclosures particularly in emerging economies such as Malaysia. Although there has been an emerging focus on gender diversity and on tax transparency as components of corporate governance in Malaysia, few empirical studies that have examined the relationships between these two elements exist.

The need of filling this research gap is what encouraged the study. It seeks to investigate whether boards gender diversity led to enhancement of tax transparency in Malaysian PLCs. It will also examine the impact of other governance features

including the size and independence of boards on the way tax is disclosed. This study's focus on gender diversity and its impact on tax disclosures aims to investigate how corporate governance practices might promote tax transparency, which is critical for regulatory compliance and corporate accountability.

### **1.2.1 Problem Statement**

The focus on corporate governance has increasingly shifted toward tax transparency, with global governments and regulatory bodies placing significant importance on the disclosure of tax-related information. In response to the growing concerns about tax avoidance, where companies legally minimize their tax liabilities using aggressive strategies, transparency in tax practices has become a critical issue. Tax avoidance strategies often involve shifting profits to lower-tax jurisdictions or exploiting loopholes, which while legal, can raise significant ethical concerns and undermine public trust in both businesses and the global tax system (OECD, 2016). The OECD's BEPS Action Plan is one of the major global initiatives addressing tax avoidance by encouraging multinational corporations to disclose detailed information about their tax structures, effective tax rates (ETR), and tax policies. The OECD BEPS project aims to promote tax transparency by urging businesses to clarify their tax planning strategies, mitigate tax avoidance, and ensure that taxes are paid in the countries where economic activities occur (OECD, 2016).

In a similar vein, the Malaysian government has introduced the TCGF, which aims to promote ethical tax conduct, improve tax reporting, and encourage transparency in the corporate sector. The TCGF emphasizes responsible corporate tax management and calls for companies to disclose their tax strategies and the associated risks, thus encouraging ethical tax governance.

Amid these global efforts, the role of gender diversity on corporate boards has emerged as a significant factor in enhancing corporate governance and promoting ethical conduct. The MCCG requires that at least 30% of board members be women, with the expectation that such diversity will improve decision-making, governance, and transparency. Gender-diverse boards are believed to be more likely to pursue ethical decision-making, have diverse perspectives on management issues, and implement more transparent reporting practices, including in areas like tax (Carter et al., 2003; Adams & Ferreira, 2009). Specifically, research suggests that female directors tend to bring ethical considerations into the boardroom, influencing corporate behavior by advocating for greater tax transparency. Female directors may serve as motivators for companies to disclose more information about their tax practices, including their tax payments, tax strategies, and tax risks (Elouaer et al., 2022; Vacca et al., 2020).

Despite the established connection between gender diversity and ethical corporate governance, there is limited research examining how gender-diverse boards impact the quality and extent of tax disclosures, particularly in the context of tax avoidance. While studies have explored the relationship between gender diversity and various governance practices such as financial reporting and CSR, the connection between gender diversity and tax disclosure remains underexplored, especially in developing economies like Malaysia. As gender diversity becomes a more integral part of governance reforms in Malaysia, it is critical to examine whether the presence of female directors influences tax transparency and whether gender-diverse boards are more likely to disclose tax-related information, thus enhancing public trust in the company's tax practices.

In addition to gender diversity, board size and board independence are also key governance factors that influence corporate behavior and transparency, particularly in tax reporting. The size of the board is often seen as a determinant of a board's capacity to monitor the operations of a company. Larger boards are considered to provide more diverse perspectives and resources, which can lead to more robust monitoring of tax practices and more detailed tax disclosures (Lanis & Richardson, 2011; Lanis et al., 2018). Board independence, the presence of directors who are not involved in the day-to-day operations of the company is another critical factor. Independent directors are expected to be more objective and focused on ethical reporting, including tax-related matters, as they are less likely to be influenced by management's short-term interests (Fama & Jensen, 1983). Independent boards are generally seen as more committed to transparency, including tax disclosure.

However, there is a significant gap in the literature regarding how these factors (gender diversity, board size, and board independence) interact and collectively influence tax disclosure practices. While prior research has separately examined the impacts of gender diversity, board size, and board independence on corporate governance and tax transparency, few studies have explored how these governance structures combine to shape tax disclosure behaviors. Although research has shown that gender-diverse boards tend to promote stronger governance, reduce risk-taking, and enhance transparency in financial reporting (Carter et al., 2003; Adams & Ferreira, 2009), there is limited empirical evidence on whether the presence of female directors specifically influences the voluntary disclosure of tax information, including details about tax avoidance strategies.

Similarly, while larger boards and independent boards have been associated with improved monitoring and greater transparency, their impact on tax disclosures remains underexplored. Some studies suggest that larger boards may be more inclined to provide comprehensive tax details because they have more resources and expertise to monitor the company's tax obligations (Lanis et al., 2018). However, there is limited research on how the combination of board size and independence can jointly influence tax transparency and disclosure practices.

This gap in research is especially relevant in the Malaysian context, where corporate governance reforms, such as the MCCG, actively promote gender diversity on boards. Despite this, there is little empirical evidence to show how gender-diverse boards specifically influence tax disclosures and how they help improve tax transparency in Malaysian companies. The regulatory push for gender diversity and tax transparency has led to significant variability in the extent of tax disclosures among Malaysian companies. Some companies disclose substantial information regarding their tax strategies, tax risks, and tax contributions, while others disclose very little. This discrepancy may be driven by underlying governance factors like gender diversity, board size, and independence, which could influence the quality of tax disclosures.

This study will investigate how board gender diversity affects tax disclosure in Malaysian PLCs in an effort to close the knowledge gap in the body of existing literature. Since Malaysia is actively encouraging gender diversity by implementing the MCCG and introducing such frameworks as TCGF, it is essential to study how these aspects of governance relate to tax disclosures practices and enhance tax transparency in the Malaysian corporate sector. This study will be of significant value

to policymakers, regulators, and corporate leaders who aim at improving corporate governance and tax reporting practices in Malaysia, and generally to other emerging economies, that share comparable corporate governance and reporting regulatory frameworks.

### **1.3 Research Questions**

The following research questions are guided by the issues discussed in the previous section of the study.

RQ1: To what extent does gender diversity among the corporate boards affected the tax disclosure practices of the Malaysian PLCs?

RQ2: What impact does the board size have on the level of tax disclosure practices of Malaysian PLCs?

RQ3: How does the effect of the board independence and the level of tax disclosure practice in Malaysian PLCs?

RQ4: How do external factors, such as regulatory frameworks (MCCG, TCGF) interact with gender diversity to affect tax transparency in Malaysian companies?

### **1.4 Research Objectives**

The following objectives have been formulated to address these research questions.

RO1: To examine the relationship between gender diversity on corporate boards and the extent of tax disclosure practices in Malaysian PLCs.

RO2: To analyze the relationship between size of corporate boards and the extent of tax disclosure practices in Malaysian PLCs.

RO3: To evaluate the relationship between independence of corporate boards and the extent of tax disclosure practices in Malaysian PLCs.

RO4: To analyze how regulatory frameworks, such as MCCG and TCGF, influence the effectiveness of gender-diverse boards in promoting tax transparency.

## **1.5 Scope and Limitations of the Study**

### **1.5.1 Scope of the Study**

The study aims to evaluate how gender diversity affects the disclosure of taxes among Malaysian public listed companies across multiple sectors. Particularly, 55 companies across 11 sectors will be chosen on the basis of market capitalization and the availability of corresponding information in annual reports, company governance reports, and sustainability reports in the year 2024. These sectors are construction, consumer products & services, energy, healthcare, industrial products and services, plantation, property, technology, telecommunications and media, transport and logistics and utilities. Excluded are financial services, and real estate investment trusts (REITs), trust funds, bond funds, closed-end funds and business trusts, due to differing regulatory and disclosure requirements.

The main sources of research would be annual reports, corporate governance reports, sustainability reports and other information made public by these companies for the year 2024. As they usually address different parts of a company's governance, board organization and tax matters, these reports make it easier to discover how honest a business is about taxes. Examining these reports will allow the study to investigate how gender diversity in Malaysian companies impacts their tax disclosure. As part of this study, attention will be given to certain tax-related disclosures which include:

- Effective tax rates (ETR): which can provide insights into the company's overall tax burden relative to its profits.

- Voluntary tax disclosures, including detailed information on tax strategies and tax contributions, which may reveal a company's approach to tax planning and its commitment to tax transparency.
- Tax-related governance practices outlined in corporate reports, particularly focusing on how firms disclose their tax governance structures, risk management related to tax issues, and their adherence to frameworks like the TCGF.

### **1.5.2 Limitations of the Study**

Despite the contributions made in this study, some limitations have to be considered. First, the cross-sectional method implemented in this study limits the longitudinal analysis of long-term effects or trends as data collected in 2024. Further understanding of the way the relationship between gender diversity and tax disclosure evolves across time would be furnished through longitudinal study. Second, the study of the Malaysian publicly listed companies (PLCs) implies that it might not be valid across the various countries and markets. Diversity surrounding gender and tax disclosure might differ across various settings because of the variance in corporate governance arrangements, regulations, and cultures. The insights on the degree to which these findings are generalizable can also be improved by comparative studies of countries with different maturities in corporate governance.

Also, time constraint led to small sample size of the study (55 companies) which places some limits on the study. Although the study has valuable insights, it might not capture a full picture of all the practices done in all sectors, and types of PLCs in Malaysia. More sample size would give a greater overall view and minimize the possibility of sampling bias hence, making the results more generalized. Lastly,

even though the study focused on important corporate governance practices, other factors, including executive compensation, CSR practices, and company culture, can mediate tax disclosure practices. In future research studies, the variables might be incorporated to give a more insightful judgment on what determines tax transparency.

Despite limitations, this study will contribute to explain how transparency on taxes in Malaysia can be enhanced by gender having-diverse boards. It will provide innovative insight into connection among diversity of gender on boards and tax disclosure, that shall be used to change policy and corporate governance.

### **1.6 Definition of Key Terms**

**Gender Diversity:** This is a term that implies that a corporate board consist of both male and female as well as a comparison of the proportion of female on a given board and proportion of male (Adams & Ferreira, 2009). Gender diversity in this study is denoted by the number of females on a board of directors, especially where a board has allocated itself to the MCCG recommendation of at least 30% of a board representing female (Malaysian Securities Commission, 2021). There is a need to embrace gender diversity as a way of enhancing business performance, inclusivity, and balanced decision-making processes which have been recognized by the Malaysian government and other regulatory bodies.

**Tax Disclosure:** Describes when a company shares its tax practices, including its tax liabilities, how it manages its taxes, pays taxes and how taxes are overseen. Tax disclosures are crucial for providing stakeholders such as regulators, investors, and the public insights into how the company manages its tax responsibilities, contributing to a company's reputation for corporate transparency and accountability (Hanlon & Heitzman, 2010). Under the Malaysian Financial Reporting Standards (MRFS), the

publicly listed companies must disclose its tax payments, tax expenses and any material alteration to its tax position.

**Corporate Governance:** The set of regulations that guide and direct a company in its operations. The MCCG recommends guidelines for good governance in Malaysia, for example, scaling up diversity on boards, ensuring their independence and making the group's actions clearer to stakeholders (Malaysian Securities Commission, 2021).

**Corporate Tax Practices:** Refer to tax management strategies that are embraced by companies to meet their taxation responsibilities as dictated by the tax provisions of the country. This will involve tax planning, adherence to guidelines of Income Tax Act 1967, and the possibility of reducing tax payable in legal means through the government in the form of deductions, exemptions, and incentives. It is the mandatory obligation of Malaysian companies to comply with tax rules and regulations implemented by IRBM. Companies should fulfill their responsibility without indulging in tax avoidance or evasion. Tax transparency is important in upholding trust and preventing consequences on the legal front.

**Publicly Listed Companies (PLCs):** Companies whose stocks trade on a stock exchange like Bursa Malaysia. These companies are to meet strict regulatory demands as regards financial disclosure, corporate governance routine, and taxes compliance. This listing in the stock exchange will permit these companies to tap capital in the public though it also exposes these companies to regulation by the government agencies such as the Securities Commission Malaysia (SC) and the stock exchange Bursa Malaysia. The PLCs in Malaysia have to comply with MCCG and MFRS, and this implies that the operations of the companies are required to be transparent and accountable to the investors and public.

**Effective Tax Rate (ETR):** ETR is an important indicator of the effective amount of taxes that a firm is paying, and it is equal to the cumulative amount of taxes paid divided by the before tax income of the company. It is the portion of an income tax paid by a company and shows the percentage of company earnings that are used to consume taxes. The ETR is used in Malaysia to analyze how effective the tax planning can be and how tax policies affect business profitability. It is especially applicable to multinational companies that operate across various jurisdictions, since it considers the influence of local tax rates as well as international taxation planning. A lower ETR can be considered an indication of tax planning strategies like tax credits or exemptions or relocating profits to lower-tax jurisdictions and a higher ETR can be considered an indication of little tax planning opportunity. The ETR is a critical measure by which PLCs in Malaysia are judged by its stakeholders, such as, investors and analysts as regards its financial health as well as its tax accountabilities.

**Board Diversity:** Board diversity is the presence of persons with diverse backgrounds, be it in terms of gender, ethnicity, skills, experience and age in the board of directors of a company. The diversity on boards in Malaysia is becoming of importance because it is considered that diverse boards would help in having a better decision-making, corporate governance and a better business performance. The Malaysian government has urged the listed companies to implement policies to enhance diversity on their boards especially gender diversity. Greater diversity of the board can contribute to balanced presentation of views and ideas, improving responsiveness of the company to challenges and opportunities in dynamic business environment.

**MCCG:** A code of principles and best practice that serves as guidelines on the governance process of companies listed on Bursa Malaysia. It is meant to make

companies transparent, accountable and responsible in managing the business, safeguarding the interests of shareholders and other interested parties (Malaysian Securities Commission, 2021). The code advocates the involvement of diverse opinions in decision-making, promotion of independent boards, and makes the practices of corporate governance to be at global par on the intention of heightening the sense of confidence among the investors in the Malaysian market.

**TCGF:** Created by IRBM, TCGF is a set of principles and guidelines to be adopted by the companies to ensure effective tax compliance and transparency in complete operation practice. The framework aims to enhance trust and accountability by inviting businesses to link their tax conduct with local taxation laws, international regulations, and being ethical. It gives directions in tax information disclosures, tax planning and the considerations of tax risk. The framework is of particular importance in the context of PLCs in Malaysia because it assists in making sure that their business aligns accordingly to taxation regulatory expectation, thus reducing the possibility of evasion or avoidance of taxes. (IRBM, 2022).

### **1.7 Organization of the Study**

The study is composed of 5 different chapters. Firstly, Chapter 1 highlights why gender diversity matters in corporate tax governance, especially for tax disclosure. It explores the reasons for choosing this research topic which concerns the impacts of gender-diverse boards on the tax transparency of Malaysian companies. The problem statement, research objectives, research questions, and the study limitation are also presented in this chapter. Key terms that were used during the study are defined at the chapter's conclusion. Chapter 2 follows with a comprehensive literature review, synthesizing existing research on corporate tax governance, gender

diversity, board size, board independence, and tax disclosure practices. The review offers the theoretical basis to the investigation and establishes the hypotheses by eliciting the connection between gender-diverse board, corporate governance processes and tax transparency. Chapter 3 will provide the research framework and the formulation of research hypothesis that will be used to investigate the link between boards gender diversity and tax disclosure practices in Malaysian PLCs.

Chapter 4 outlines the research methodology complete with the research design, sampling techniques, data collection methodologies, and the statistical methods of testing the hypothesis. It explains how the study will analyze data from Malaysian publicly listed companies using tax disclosure indices (TDI) and how the board size and the independence of boards would have an impact on the tax disclosures. Chapter 5 contains the results and discussion in which the data analysis results are presented and elaborated upon in the light of the literature reviewed by Chapter 2. This chapter interprets the results, tests the hypotheses, and examines how the research findings align with or challenge existing theories and studies. Lastly, Chapter 6 concludes the research with a summary of the central findings of the research, as well as practical recommendations that can be used to increase transparency in taxation and corporate governance and a recommendation of future research. It also gives due consideration to the limitations of the study including the fact that it only studies Malaysian companies, and that it uses only publicly available data and proposes any future research ventures which may develop on the results and implications of the research.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

Diversity between genders in leadership is now more important theoretically, because many communities and business experts believe that organizations have better outcomes when their leadership team is gender diverse. Likewise, company management now pays more attention to tax governance which includes transparency, compliance and strategy. The demand for transparency in tax disclosures is becoming more important, as they are part of how stakeholders ensure firms are held accountable and are engaging in ethical business practices, particularly given the rise in criticism of tax avoidance and aggressive tax planning (Mgammal & Ismail, 2015). While much research focuses on corporate governance, gender diversity and tax governance, there is a lack of studies looking at their connection in terms of gender diversity on boards impacting ethical tax practices and transparency. This literature review synthesizes existing research, identifies the gap in current knowledge, and sets the foundation for understanding the relationship between gender-diverse boards and tax governance.

### **2.2 Gender Diversity and Corporate Governance**

Boards with greater gender diversity have been widely associated with stronger corporate governance outcomes. The government of Malaysia has set some frameworks and rules that help encourage transparency and ethical qualities in corporate tax governance. The presence of such regulatory structures is key to the analysis of how they are likely to influence the behaviors of companies and, especially, those that have gender-diverse boards. These guidelines are aimed at ensuring that businesses observe taxation rules and are also incentivized to disclose their tax

information in understandable and comprehensive forms. Firstly, introduced in the year 2000 and periodically updated, the MCCG is the principal set of guidelines that are intended to enhance the corporate governance activities in Malaysia. The MCCG has focused on how the companies should embrace good governance, especially in aspects like diversity in the boards, risk management, disclosures and financial reporting. One of the most remarkable practices of the MCCG is that it encourages gender diversity in corporate board, as it proposes that the minimum requirement is 30% of female representation in board. This initiative is based on the idea that gender-diverse boards will result in better governance, more adequate decision-making, and higher degree of accountability in the context of diverse areas of business activities, including tax disclosures (Malaysian Securities Commission, 2021). According to empirical findings, gender diversity in the board level of companies decreases the levels of dishonesty exhibited within the companies, increases levels of monitoring of activities, thus publishing more realistic financial outcomes (Carter et al., 2003; Adams & Ferreira, 2009).

The effects of gender diversity on the board are not limited to its governance, but it also guides disclosure practices. Research indicates that the greater the number of female occupying the board, the more it is likely to release certain contents regarding social responsibility, the environment, and governance transparency (Elouaer et al., 2022; Vacca et al., 2020). This developing body of evidence indicates that female directors add distinctive values and priorities that encourage companies in making a more free and accountable voluntary disclosure.

The research has identified that in case where business is leaded by a female director, a stronger emphasis on ethical values can be seen, businesses take fewer risks

and are more interested in all stakeholders (Adams & Ferreira, 2009). Due to these characteristics, the board would act transparently, and this would typically promote better disclosure by the company. In addition, women are often more concerned about corporate activity effecting society and the environment which leading them to advocate for more comprehensive reporting on non-financial issues, such as sustainability and CSR.

Besides, having gender diversity on board usually leads to better teamwork and a more inclusive way of decision making which helps avoid groupthink and improves the quality of the information companies share with everyone (Carter et al., 2003). As a result, disclosures become more reliable and companies able to deal with risks to their reputation, as they can immediately give investors, regulators and others the most important and current details.

Even though these findings are promising, a substantial gap exists as far as the specific role that board gender diversity play in tax governance which is among the most fundamental aspects of corporate governance that handles ethical tax administration, the tax disclosures and tax transparency. While there has been significant attention given to gender diversity and ethics in business, not much research looks at tax governance and firm voluntary disclosure of tax details. Since tax disclosure is important for a company's transparency now, there is a rising trend in examining the contribution of gender diversity to tax practices.

### **2.3 Gender Diversity and the General Disclosure Dichotomy**

Before going into a more specific discussion about tax disclosure, it would be worth it to reflect more generally on the theorized connection between gender diversity

and corporate disclosure policies. The main view is that greater board gender diversity encourages more transparent and comprehensive disclosures across multiple areas, including environmental, social, governance, financial, and tax disclosures. This perspective is grounded in agency theory, which suggest that female directors bring unique ethical values, stronger monitoring roles, and greater sensitivity to stakeholder interests. These characteristics motivate firms to voluntarily disclose more information to build trust, safeguard reputation, and reduce information asymmetry (García-Sánchez et al., 2021; AlJanadi, 2025).

Gender-diverse boards are also seen as strategic assets that help firms comply with evolving regulatory expectations and demonstrate good governance practices. Empirical studies show positive associations between female representation and increased disclosure of social and environmental issues, CSR, and governance transparency (AlJanadi, 2025; García-Sánchez et al., 2021). Making these disclosures aims to mitigate reputational risk and address stakeholder demands for accountability.

However, despite solid theoretical foundations and supporting evidence, empirical findings remain mixed. According to meta-analyses, more women on boards tends to result in higher social and environmental disclosure. However, the impacts differ according to national gender equality, positions of power on the board and the organization's specific environment (AlJanadi, 2025; García-Sánchez et al., 2021). Some studies report no significant or even negative relationships, possibly because too few women direct, women directors' roles are underestimated, or their impact is hindered by certain factors.

There is lacking research available on how gender diversity impacts tax disclosure, a growing kind of corporate transparency. It is unclear whether the same

relationship between gender-disclosure exists in the context of tax transparency, particularly in emerging markets such as Malaysia where the rule of governance and gender equality is not the same as in developed markets.

Thus, defining this general gender-disclosure dichotomy gives a key theoretical base for a crucial theoretical foundation for investigating the impact of gender diversity on tax disclosure in Malaysian publicly listed companies (PLCs).

#### **2.4 Gender Diversity and Ethical Tax Practices**

Gender diversity has been shown to positively influence ethical decision-making in various aspects of corporate governance. The ethical attitude of female directors and their range of viewpoints on board decisions contribute importantly to establishing corporate policies on matters of tax planning and disclosure. Female directors have been associated with the more conservative, long-terms and ethically driven decisions. This ethical decision-making process can be further applied to tax governance, whereby gender-diverse boards can increase in likelihood to prioritize ethical tax over such aggressive tax avoidance techniques and actions, which is in line with the interests of the shareholders, regulators, and other stakeholders to a great extent.

A key aspect of ethical decision-making is the way companies plan their taxes. Such aggressive tax planning that attempts to reduce the amount of taxes paid by finding loopholes and resorting to creative accounting methods can tarnish the reputation of a company and subject it risks that legal actions may be taken against it. Responsible tax planning, in contrast, concentrates on the fair contribution to taxation in jurisdictions, where a company operates and as such, even if this results in higher

tax payments. Board gender diversity is more likely to use the second method, since such boards are more ethically driven, more concerned with their corporate responsibility, sustainability, and long-term results as opposed to the immediate financial benefits.

According to Post & Byron (2015), the presence of female representation in the board means that a better chance of being ethically responsible in operations, including paying taxes fairly and disclosing taxes transparently. Since the female directors are typically regarded to be more aware of the societal side of the business practices, they are more inclined to suggest ethical tax planning, which includes transparent tax declaration and non-aggressive tax avoidance strategies. This aligns with the principles outlined in the OECD's BEPS guidelines, as well as Malaysia's TCGF, both of which call for transparent and ethical tax behaviour.

## **2.5 Board Size and Board Independence**

The success of the implementation of good corporate governance in a firm lies in the board characteristics, especially the size of the board and the board independence. These two elements are part of determining the corporate disclosure practices including the tax disclosure. The structured board may be used as a monitoring mechanism to make sure that companies not only comply with the regulatory framework but also share quality and credible information with the stakeholders particularly in their tax position and tax strategy. The attributes of good governance are essential in promoting tax transparent and ethical in practicing tax matters.

The size of the board is very crucial in influencing how well a company can handle complex decisions including tax-related decisions. It is considered that bigger

boards are desirable since they introduce a wide variety of experience and opinions. This kind of diversity can enhance the competence of the board in fighting against the various dimensions of corporate management which include tax planning and tax reporting. The bigger board tends to have more resources and a broader skill set, and this in turn can enhance its ability to oversee the management as well as to ensure that the company adheres to ethical tax procedures (Akhtaruddin et al., 2009). Bigger boards can also be associated with a wider scope of opinions, which can result in more transparent tax disclosures and more controlled tax risks. Based on the prior literature, larger boards increase the tendency of companies to report their tax-related matters due to the expanded oversight capabilities of such boards. According to Akhtaruddin et al. (2009), board size was positively correlated to the number of voluntary disclosures, such as tax-related sceneries, as large boards usually tend towards transparency especially when dealing with corporate governance and financial reporting.

However, the correlation between tax disclosure and board size is not fully direct. Although bigger boards offer additional skills and control, there is also evidence that a board that is too big might cause coordination issues and ineffective decision-making (Jensen, 1993). The rationale is that the bigger the size of the board the harder it might be to make unanimous conclusions, and the effectiveness of control might be undermined in certain situations. The literature indicates that, despite potential drawbacks, there is a consensus that larger boards enhance tax transparency through improved supervision and diverse, independent perspectives (Pavlou et al., 2025).

The other significant aspect of governance that has a broad impact upon tax disclosures is board independence. Independent directors are those directors not taking

part in the day-to-day operation of the company and who do not have a significant financial interest in the company. In this regard they are less inclined to be biased and are expected to behave in the best interests of the shareholders rather than in the short-term interest of the management. Independent directors are particularly approaches when the situation of tax transparency appears. It also increases the probability that they will ensure transparency of their tax plans within the company and are in conformity with the concerns of the regulatory bodies and ethics. The independent directors can act as active watchdogs in ensuring that the management is accountable in the sense that they have a duty of ensuring that taxation is effective as it applies to legal requirements and the interest of the shareholders.

Previous studies have identified that effective tax governance is associated with independent boards with clearer tax disclosures. Li et al. (2022) determined that firms that have independent boards will report a greater level of tax exposures and plans to avoid taxes to minimize the likelihood of aggressive tax avoidance behaviours occurring in the company. These results confirm the hypothesis that independent directors will contribute to professional integrity in tax measures resulting in increased disclosure and voluntary reporting of tax details. Jaidi et al. (2021) also confirm this inference as they refer to the fact that the presence of the independent directors contributes to the greater reporting of CSR and tax duties, which triggers the preparations of more comprehensive reports on taxes that aligns with a broader governance framework.

Besides, the independence of a board can also reduce the possible agency costs, which exist in instances where managers take actions other than in the interest of shareholders. Chang (2023) contends that the presence of independent directors helps

in reducing agency costs that can include manipulation of disclosures and reducing the apparent tax liability of the company. Independent boards encourage ethical reporting culture in tax and other financial reporting by ensuring the management is accountable.

In the recent research carried out by Pavlou et al. (2025), the researchers concluded that independent boards are linked to low tax avoidance and enhanced tax disclosure but the results from such research applied to industries where regulatory controls are high. This research lends weight to the belief that independent boards contribute greatly to enhancing ethical behaviors in tax practice and enhancing tax transparency, especially in an industry where there is high regulatory pressure on the board.

## **2.6 Tax Governance and Transparency**

Based on the insights of the role of gender diversity in the improvement of disclosure in general, this research-based study will focus on a more specific field of transparency in corporate governance which is understudied but a highly important topic area of tax governance. Tax governance is defined as the mechanism through which firms not only meet the legal requirements in terms of taxes, but it is also the voluntary disclosure of tax information which can give an indication on the ethical considerations on taxation by a company. Disclosure of taxes is something that companies do on a voluntary basis to achieve corporate reputation and the higher trust of stakeholders, which indicates responsible behaviour and diminishes the risk of aggressive tax planning or avoidance (McCredie et al., 2021). The disclosures provide valuable information on how much is paid by the company in taxes, evens the playing field on information between the investors and the general community, and results in lower costs of capital as well as a higher rating in the market (Heitzman et al., 2010).

One of the motivating factors behind the advance towards tax transparency is the increasing attention given by international community to the issue of tax avoidance and BEPS, especially by large multinational organizations. The BEPS Action Plan by OECD is to fight aggressive tax avoidance and promote more elaborate and transparent tax reporting by multinational corporations (OECD, 2016). Another fundamental regulatory undertaking, which the IRBM introduced, is the TCGF which seeks to enhance transparency in taxes in the country. TCGF promotes good tax governance principles that require corporations to disclose tax-related risks, strategies and amounts paid in taxes. The framework persuades business entities to have a disclosure of their effective tax rates (ETR), tax plans, and the way the entities deal with the tax risks following the international standards as formulated by the OECD BEPS Action Plan (IRBM, 2022). The adoption of voluntary disclosure aligns with the guidance by MCCG and IRBM's TCGF in Malaysia, which desires organizations to be truthful and transparent in the method of reporting the tax. This voluntary disclosure has the ability to reduce the risk associated with litigation that may occur because of lawsuits or penalties on nondisclosure of vital information about taxes. Tax transparency has also particular advantages of providing the firms with an advantage by appealing to people who enjoy supporting ethical businesses, but firms require such balance between promoting transparency and being concerned about leaking out their proprietary tax plans (McCredie et al., 2021).

Tax transparency not only supports regulatory compliance but also fosters trust with stakeholders, including investors, regulators, and the public. Research indicates that the more a company discloses transparent tax information, the more it is likely to establish positive relationships with the stakeholders and its corporate reputation (Heitzman et al., 2010). For instance, Lanis and Richardson (2011) discovered that

companies with stronger corporate governance standards like companies with independent boards increase their chances of making transparent disclosures about tax. Such companies have lower chances of extensive tax avoidance activities and probabilities of taking their taxation practices to the ideal of ethics.

However, the extent of voluntary tax disclosures varies among firms, with some companies providing detailed information about their tax strategies, while others disclose very little. The reason behind this variable disclosure practice could be sensitivity of disclosing financial details, competitive drawbacks, or difficulty in tax data understanding (Mgammal & Ismail, 2015). Despite these challenges, gender-diverse boards have been proved to contribute a lot to ensuring that the board is transparent with regard to financial and non-financial disclosures, and tax information.

Gender-diverse boards are linked to greater transparency because of the ethical stance of female directors and their interest in strengthening CSR and environmental, social, and governance (ESG) efforts (Elouaer et al., 2022; Vacca et al., 2020). The female directors would even be more oriented to drive a company into the direction of ethics-related decision-making and transparent practices such as voluntary tax disclosure. According to Gilligan (1982), women leaders tend to be more ethical and will most likely enhance corporate responsibility including transparent tax governance.

All these contribute to the fact that tax disclosure does matter and display the necessity of the research concerning relationships between the board diversity and the tax disclosure practices.

## **2.6 Underpinning Theories**

This research is based on three main underlying theories which include agency theory, stewardship theory, and institutional theory. These theories can help to understand why gender-diverse boards may facilitate more transparent tax disclosures and why the purpose of more transparent tax disclosures exists and how tax governance can be viewed through the prism of broader corporate governance structures.

### **Agency Theory**

The agency theory assumes that corporate boards act as an agent of shareholders and are supposed to ensure that the conduct of the management is acting in favour of share owners. The gist of the theory of the agency is that the managers (agents) may be motivated by their self-interest, thus, incurring the agency cost (Jensen & Meckling, 1976). The board of directors should also monitor what the management is doing as a principal so that they are acting on the best interest of shareholders. The agency costs are assumed as events whereby the management decisions are made in their own interest at the expense of the shareholders such statements can be in the disguise of unethical conduct such as tax avoidance or tax evasion.

In relation to tax governance, the agency theory also means that the boards have a necessary role in supervising the process and making sure that companies stay in accordance with the tax laws and incorporate transparent and ethical tax practices. Studies have indicated that independently appointed boards stand a better chance of checking on the management and maintaining tax regulatory compliance. Lanis and Richardson (2011) discovered the possibility of a direct relation between growth in independent directors in a company and increased transparency in tax reporting. This

is since independent directors are less susceptible to the interests of management and would be in better position to insist on ethical collection of taxes and provision of transparency in reports (Lanis & Richardson, 2011). Likewise, Fama and Jensen (1983) claim that independent boards play a significant role in creating corporate accountability and good tax conduct because independent directors cannot easily become involved in conflicts of interest. Furthermore, Dhaliwal et al. (2014) note that increased board independence will enhance corporate governance, including corporate taxation transparency, as independent directors will work towards the best interest of the shareholders and the stakeholders, which requires more detailed disclosures.

According to the agency theory, the board that is more gender diverse are expected to be more effective in keeping higher controls on what the management is doing. Female directors are also seen to be more driven to work in ethical motives, and more inclined toward insisting on transparent and accountable taxations procedures. Adams & Ferreira (2009) indicated that gender-diverse boards would increase the likelihood of agency costs reduction through the mechanism of ensuring that proper attention is given to the activities of the management and this results in ethical and clear corporate performance, including corporate tax reporting.

### **Stewardship Theory**

Unlike the situation within the agency theory, the stewardship theory assumes that the directors and the managers are not self-interested because they pursue the idea that they are obliged and responsible enough to provide what is best in the long-term interests of the organization (Davis et al., 1997). According to this theory, this theory, they as managers or board members have a higher likelihood of engaging in decisions

that make the firm successful in the long run, especially where corporate governance is concerned.

According to the literature, gender-diverse boards correlate in a better way with the stewardship theory as women directors are often considered more responsible and ethical, so they can be more dedicated to transparent tax practices. Davis et al. (1997) argue that stewardship-oriented directors are committed to making sure that the actions of corporations are directed to maximizing creation of long-term value that explicitly involves taking ethical tax positions and making transparent tax reporting. The female directors, who are custodians of the organizational reputation, will probably support tax transparency as this results in trust-building over the long term and enhanced interaction among the stakeholders.

This theory supports the idea that board gender diversity, by prioritizing long-term goals and corporate responsibility, will foster greater tax transparency, as female directors are likely to push for policies that align with ethical values and responsible business practices.

### **Institutional Theory**

According to the institutional theory, external forces which include laws, regulations and societal expectations influence the organizational entities (Scott, 2008). This theory holds that firms engage in some of their practices not only based on the belief that such practices are good business but also a perceptual view that such practices are needed to acquire legitimacy on part of the companies in their institutional setting. Institutional pressures can prompt companies to embrace certain practices that appear to be in concurrence with the expectation of society like transparent tax reporting.

When it comes to gender-diverse boards, the institutional theory implies that gender-diverse boards have better chances of responding to the pressures put on them externally such as regulatory frameworks like MCCG and TCGF, which focus on their ethical behavior in the business and corporate disclosure. According to institutional theory, gender diversity is increasingly being normalized in the business sector and, consequently, gender-diverse boards might also be encouraged to practice in a more transparent manner to better align with the expectations of society at large.

To illustrate, Elouaer et al. (2022) hypothesize that a greater percentage of female on a board might yield a more receptive reaction to institutional forces like the increase in interest in corporate social responsibility and tax transparency. Gender-diverse boards will tend to align their corporate governance practice with institutional norms in regard to transparency and ethical conduct which involves adoption of transparent tax reporting practice.

## **2.7 Chapter Summary**

In this chapter, a review of existing literature on gender diversity, corporate governance and tax transparency, that revealed a gap in knowledge relating to the impacts of gender diverse boards on tax disclosure practices was discussed. It also showed that gender diversity is key towards the establishment of corporate governance where it has been witnessed that gender diversity in the boards enhances accountability and transparency in the corporate decision-making process that entails tax reporting. Gender diversity is promoted through the MCCG which aims at strengthening corporate governance and to reduce tax transparency.

This chapter also explained the implications of gender diversity into wider disclosure practice such as social responsibility, environment related issues, and

transparency on governance. With the female directors, there are increased chances of the disclosure on the tax to be more detailed since they are more eager to make an ethical decision. However, there is inconsistent empirical analysis on how gender diversity affects tax disclosures, especially in emerging economies such as Malaysia, which have governance structures that might vary in developed economies.

Moreover, the effects of board size and board independence regarding tax disclosure practices were discussed in this chapter. Large boards and independent boards are observed to have better control over the management and better tax transparency. Research indicates that an independent director is likely to support adherence of tax laws and promote ethical taxation behavior. The study also underscored the significance of tax governance, which includes not only legal compliance but also voluntary disclosures of tax-related information. Tax transparency helps build trust with stakeholders and lowers reputational risks.

Lastly, the chapter also outlined the underlying theories in the study including agency theory, stewardship theory, and institutional theory. These theories indicate that, gender-diverse boards can improve tax governance since they alleviate excessive agency costs and promote the sustenance of ethical behaviors and alignment of corporate practices and external requirements on tax transparency.

## **CHAPTER 3: HYPOTHESES DEVELOPMENT**

### **3.1 Introduction**

In this chapter, the research framework and the basic hypotheses that will be tested are presented, which connect the board gender diversity and tax disclosure practices in the context of Malaysian PLCs. The chapter also presents details of the control variables in this study that encompass the size of board, independence of a board, profitability and MCCG and TCGF adherence. It is hypothesized that these factors influence the extent of tax transparency within companies. Through the examination of these correlations, this chapter prepares the way to testing the impact of gender diversity on the tax disclosure, controlling other essential aspects of governance.

### **3.2 Research Framework**

The proposed research framework is set to examine the relationship between gender diversity in corporate boards, and the tax disclosure practice in the Malaysian PLCs. The framework also shows the key independent and control variables like the gender diversity, the size and independence of the board, profitability, the alignment of the MCCG and the TCGF which will influence the practice of tax disclosures. This will determine the impact of these aspects of corporate governance on the transparency levels of taxes among the corporations.

The framework posits that board gender diversity, which is characterized by the proportion of female directors, directly impacts tax disclosure practices due to the ethical and governance-related behaviors that female directors are likely to promote. The impacts of female board members on corporate behavior have been demonstrated

to affect corporate conduct in terms of increased levels of transparency and ethics, thereby promoting the provision of information relating to taxation (Adams & Ferreira, 2009; Post & Byron, 2015). Gender-diverse boards are likely to promote ethical decision-makers and require more detailed tax disclosures, which is also compatible with the stakeholder perspective of corporate governance.

In the research framework, several key control variables have been included to ensure the accuracy and validity of the study's findings. These control variables were board size, board independence, profitability, and compliance with the MCCG and TCGF which are essential for isolating the effect of gender diversity on tax disclosure practices and understanding how various factors contribute to tax transparency in Malaysian PLCs. First and foremost, controlling for board size is important because larger boards tend to have a broader range of expertise, skills, and diverse perspectives, which can significantly influence the oversight and monitoring of a company's tax practices. Previous studies have shown that larger boards provide better governance and tend to lead to more comprehensive tax disclosures (Akhtaruddin et al., 2009). By controlling for board size, the study ensures that the observed relationship between gender diversity and tax disclosure is not confounded by the sheer size of the board. This allows the research to specifically assess whether gender diversity on boards drives more transparent tax reporting, irrespective of the board's size.

Similarly, board independence plays a crucial role in promoting transparency in tax disclosure. Independent directors are typically more objective and focused on the long-term interests of shareholders and are less susceptible to the short-term pressures of management. As a result, they are more likely to advocate for ethical tax practices and transparent tax reporting. The literature has demonstrated that

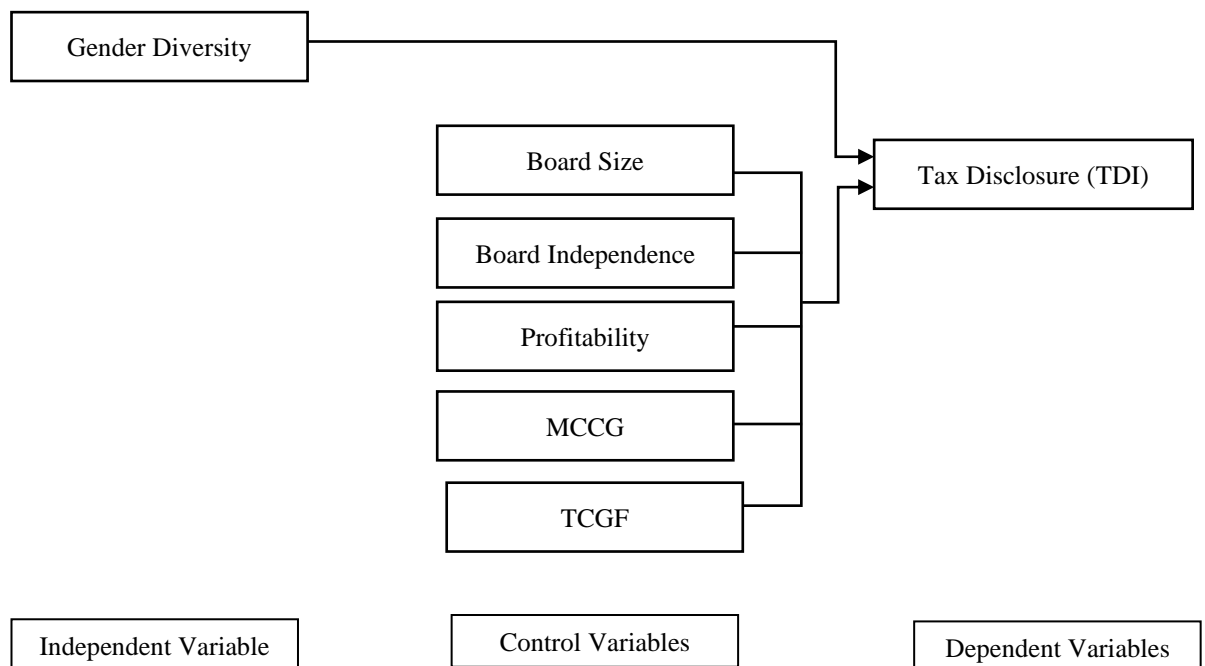
independent boards are more inclined to disclose detailed tax-related information, such as tax strategies, tax risks, and tax liabilities (Fama & Jensen, 1983; Lanis & Richardson, 2011). By controlling for board independence, the study can evaluate how much of the effect of gender diversity on tax disclosure is attributable to the independence of directors rather than the gender composition of the board. This ensures that any observed relationship between gender diversity and tax transparency is not influenced by the independence of the board members.

Profitability is another important control variable in the framework. More profitable companies are generally subject to higher tax liabilities, which attracts increased scrutiny from regulators, investors, and other stakeholders. This scrutiny often compels profitable companies to disclose more detailed tax information in order to maintain public trust and transparency. Therefore, profitability is positively correlated with a company's willingness to disclose tax-related information. By controlling for profitability, the study ensures that the observed effect of gender diversity on tax disclosure is not merely a reflection of a company's financial position. This control variable helps isolate the influence of gender diversity on tax transparency, ensuring that more profitable companies are not simply driving the observed results. Finally, the inclusion of MCCG and TCGF adherence as control variables is necessary because these frameworks provide external regulatory pressure that can significantly influence tax disclosure practices. The MCCG encourages gender diversity on boards and promotes good governance practices, while the TCGF provides guidelines for ethical tax reporting and transparency. Both frameworks drive companies to adopt more ethical tax practices and disclose more detailed tax-related information. By controlling for the influence of these frameworks, the study can determine whether gender-diverse boards have a unique role in enhancing tax

transparency, or whether compliance with these governance frameworks alone explains the level of tax disclosure.

In summary, the research framework posits that gender diversity, along with board size, board independence, profitability, and MCCG/TCGF compliance, will significantly influence tax disclosure practices among Malaysian PLCs. These variables, either directly or indirectly, affect tax transparency and corporate governance, and gender-diverse boards are expected to play an active role in promoting ethical tax practices and transparent tax disclosures. By including board size, board independence, profitability, and MCCG/TCGF adherence as control variables, the study ensures that any observed relationship between gender diversity and tax disclosure is not confounded by other factors influencing tax transparency. This comprehensive framework will provide valuable insights into the role of governance structures in corporate tax transparency.

Figure 3.2: Research Framework



### **3.3 Hypotheses Development**

**H1: There is a positive relationship between gender diversity on corporate boards and the extent of tax disclosure in Malaysian PLCs.**

The diversity of gender is shown to increase ethical decision making and corporate responsibility and there is an increasing volume of evidence that female directors are more prone to being ethically driven and promoting a high level of transparency in both financial reporting and tax reporting. Adams & Ferreira (2009) and Post & Byron (2015) conclude that female directors are more ethical-oriented and thus can make more companies to use a more transparent approaches in company financial and tax disclosures. Specifically, in the tax disclosure, detailed tax-related information can be regarded as one of the main indicators of a company CSR and ethical tax practices. With a more long-term focus on the impact of corporate actions, female directors are less susceptible to a leadership where key decisions are characterized by the style of responsibility and transparency of management (Vacca et al., 2020).

The findings presented in another study by Elouaer et al. (2022) and Vacca et al. (2020) also confirm the notion according to which gender-diverse boards are actively involved in heightening tax transparency because companies, which have a higher number of female directors, disclose more information regarding non-financial issues, such as tax-related practices. This goes to the idea that gender-diverse boards were more likely to create a culture of openness and accountability, which promotes more detailed and complete disclosures about taxes, including tax plans, tax burden, and other tax issues. This evidence, therefore, supports the hypothesis of the importance of gender diversity in the board impacting tax disclosures.

## **H2: There is a positive relationship between the size of boards and the extent of tax disclosure in Malaysian PLCs**

Bigger boards have a broader range of skills and ideas that can improve the monitoring of management practices, such as the important activity of tax practices. It has been noted that the larger boards generally seem better suited to supervise multifaceted problems, including tax compliance, thus allowing more apparent and comprehensive disclosures that relate to taxation. Akhtaruddin et al., (2009) suggest that boards with more members are likely to possess a wider expertise, thus able to check the activities of corporations including tax planning and reporting, resulting in transparent practices. Moreover, Pavlou et al. (2025) suggest that the greater the size of a board, the more a company can deploy enough resources to collect, examine, and reveal taxation information in a more straightforward direction to shareholders and regulators. Such monitoring is capable of enhancing the compliance of the company with tax laws and increasing transparency with regard to taxes.

However, it should be noted that Jensen (1993) cautions against excessively large boards because it could lead to problems in coordination and inefficiency, as decision-making may become more difficult and less efficient with the expansion of the board past certain point. Nevertheless, regardless of this possible weakness, the literature tends to agree that tax transparency is most likely to be promoted by bigger boards since it follows that the availability of the additional resources and the transfer of opinions given their diversity would be likely to provide superior oversight and enforcement of the tax-related disclosures.

### **H3: There is a positive relationship between the independence of corporate boards and the extent of tax disclosure in Malaysian PLCs.**

The independent directors, who do not participate in the daily management of the business, are usually more objective and able to stand up and support both clear and ethical tax practices. They are less susceptible to the short-term incentives of the management and more inclined to long-term corporate responsibility that in many cases implies an attitude to develop better tax governance. Fama & Jensen (1983) underline that independent directors help to solve the problem of corporate accountability through minimizing the risks of conflicts of interests and strengthening the importance of ethical decision making. Independent boards are more likely to insist on detailed disclosures of taxes, including disclosure of tax strategy, tax liability and tax risk factors as they are required by a fiduciary duty to make disclosures that are transparent and meet regulatory requirements.

The empirical evidence reveals the positive association between the independent boards and exposing tax transparency and enhancing tax disclosure behavior. In a study conducted by Lanis and Richardson (2011), it was concluded that presence of more independent directors increases the likelihood of detailed disclosure of tax information as the independent directors tend to make the tax practices of the company ethically correct and in compliance with the regulations. In the same way, similar findings are held true by Li et al. (2022), who demonstrate that independent boards are less resistant to disclosure of crucial tax-related information, including tax avoidance plans and the overall tax position of the company, which, in the end, upgrades corporate governance and tax transparency.

#### **H4: The adoption of the MCCG and TCGF enhances the positive effect of gender diversity on tax disclosure.**

The MCCG and TCGF are regulatory frameworks that aim to enhance corporate governance and tax transparency in Malaysia. The MCCG encourages gender diversity on boards, recommending that at least 30% of board members should be female, with the goal of improving governance and decision-making processes. Similarly, the TCGF promotes ethical tax conduct and transparency, guiding companies to disclose their tax strategies and risks.

The adoption of these frameworks can amplify the positive effects of gender diversity on tax disclosure. By integrating these governance frameworks, companies are more likely to embrace tax transparency and ethical tax reporting. The MCCG and TCGF collectively foster an environment where gender-diverse boards can more effectively promote tax transparency, resulting in more detailed and comprehensive tax disclosures. Therefore, the implementation of these frameworks is expected to enhance the relationship between gender diversity and tax transparency, making it more likely that companies with gender-diverse boards will provide greater tax disclosures that reflect ethical tax practices and compliance.

### **3.4 Chapter Summary**

This chapter gives a detailed description of the research framework and describes how the hypotheses of the study were derived, particularly the effect of gender diversity on tax disclosure in PLCs in Malaysia. In this study, gender diversity will be handled as the key independent variable, and other vital control variables like the board size, independence, profitability, and compliance with the MCCG, TCGF

will also be included to adjust other potential variables that can impact tax transparency. With these control variables, the study aims at determining isolated effect of gender diversity as it relates to tax disclosure practice and in this manner, it is envisaged that the study will be in a better position of understanding the role played by governance structures towards corporate transparency.

The chapter also presents and addresses three central hypotheses upon which the study is based: H1, assuming that gender diversity and tax disclosure practices are positively related and that boards with a larger female representation are more likely to adopt transparent tax practices; H2 which examines the relationship between the board size and the tax disclosure and states that larger boards are likely to have more diverse expertise and resources that support a greater level of wide-ranging tax disclosures; H3, the hypothesis is that board independence promotes tax transparency by positing the likelihood of independent directors pursuing ethical standards and requesting more thorough disclosure and H4, The adoption of MCCG and TCGF enhances the positive effect of gender diversity on tax disclosure. This hypothesis suggests that the implementation of these governance frameworks, which promote gender diversity and ethical tax reporting, strengthens the relationship between gender-diverse boards and tax transparency, leading to more voluntary tax disclosures and improved corporate accountability.

## **CHAPTER 4: RESEARCH METHODOLOGY**

### **4.1 Introduction**

This chapter outlines the research methodology adopted for this study, which aims to investigate the relationship between board gender diversity and tax disclosure practices in Malaysian PLCs. The study aims to explore the role of gender-diverse boards on the disclosure and ethical handling of tax obligations, especially whether the gender-diverse boards lead to increased tax disclosures in keeping with the emerging directions of corporate governance practices. The chapter goes further to describe the research design, research model, key variables, the data collection process, as well as the sampling method utilized in analyzing research data to develop a clear structure of how the research will approach the examination of these multifaceted relationships.

### **4.2 Research Design**

Since the board gender diversity and tax disclosure practice had a direct relationship which needed to be explored, this study would have employed quantitative research design since this research design would enable the research to explore the direct relationship between the two variables. Because this study intends to explore the effects of gender diversity on tax disclosure practices, it would require adopting a systematic sample size methodology of gathering and processing information regarding a large number of companies. According to Creswell (2014), quantitative design provides researchers with the option of practicing statistical analysis to establish the magnitude as well as the directionality of a relationship between variables. Also, this structure allows the use of objective data that can be extracted out of corporate reports hence resulting in evidence-based findings rather than

subjectivity. The quantitative approach will also help tax disclosure be measured with quantitative indices such as TDI, which has a concrete, objective scale that can be used in quantifying the level of information companies disclose regarding their tax practices. Such an objective measure is necessary in making sure that the findings are reproducible and valid across companies and industries.

Moreover, cross-sectional research design is also employed in the study, and it is commonly used in research with regard to corporate governance and tax disclosure. Information collected under the cross-sectional design is at one time point and provides a picture of the variables under investigation (Bryman, 2012). This design is particularly suitable in realizing the situation at a given time and drawing conclusions about the relations of variables at a given time. The cross-sectional studies are quite helpful relative to the search and development of trends or patterns in corporate practice in this case study of the relationship between gender diversity and tax disclosure of the Malaysian companies. This is also due to the fact that it can allow firms of different sizes, industries and regulation of rules to be in the same year without need to observe changes each year passing in the process. This is more effective when investigating a dynamic area such as corporate governance whereby practices are changing rapidly, and a cross-sectional study would assist in demonstrating the trends or deviations that currently exist (Field, 2013). Previous studies that have implemented it into their designs have managed to capture its impact on the influence of corporate governance on tax transparency. One of them is the research of Lanis and Richardson (2011) who have provided a cross-sectional study to examine the relation between the board structure and the tax transparency of the firms in Australia. These examples confirm that cross-sectional design is a useful instrument to explore the links between the mechanisms of governance and tax behavior since it will be possible to make

valuable conclusions regarding the present situation in corporate practices based on such an instrument. The cross-sectional designs are also beneficial in this regard since it will be possible to collect data on a large number of companies belonging to diverse sectors. To illustrate, this study will examine only 11 major non-financial sectors listed on the Bursa Malaysia, and this enables increased generalizability of results across various industries. Although the method limits itself in its range through change across time, this method gives a very strong picture of the contemporary practice of corporate tax disclosures and the connection made with gender diversity at a specific point in time.

This study employs a deductive approach, grounded in existing theories to test predefined hypotheses. The deductive approach would suit this study exceptionally well since it permits empirical evidence to be utilized to review theoretical assumptions, which is a distinctive characteristic of this strategy (Saunders et al., 2016). This study will base its foundations on well-defined corporate governance theories like agency theory, stewardship theory and institutional theory, and thus attempt to analyze how gender-diverse boards can affect tax transparency in terms of the Malaysia corporate governance. According to the agency theory, independence and gender diversity of boards can create agency costs by portraying how the board members monitor the management, in view of acting in the best interest of shareholders, especially in aspects of increasing transparency during financial and tax reporting (Jensen & Meckling, 1976). However, stewardship theory sees the importance of directors as stewards of the organization, emphasizing long-term objectives and making moral judgments, part of which is an increased level of tax transparency (Davis et al., 1997). Lastly, the signaling theory indicates that gender-diversified boards as a source of signals of sound governance can improve the image

of a company and its transparency policies especially regarding tax disclosure. All these theories provide a strong background to gauge the prospective impact of gender diversity on tax transparency within Malaysian corporate governance setting.

The correlational approach is used in this study which is ideal in recognizing and determining the correlation of the board gender diversity and tax disclosure levels. The correlational design is highly suitable since it allows investigating whether and how the difference in one variable (gender diversity) is associated with the difference in another variable (tax disclosure) without the variables being altered or interfered with. This design makes it possible to study the nature and strength of the reflection between the independent variable (gender diversity) and the dependent variable (tax disclosure) regarding different companies and sectors. In addition, the correlational method will enable the research to control major control variables that might affect the tax disclosure practices, including board size, board independence, profitability, and adherence to frameworks such as MCCG and TCGF. With these control variables the study is able to discern the entire effect gender diversity has in the increased disclosure of tax to any other variable which works in correlation with gender diversity in a board or which in some way is associated with the attributes of the governance, therefore, ensuring that the impact that gender diversity boards have on tax disclosure is isolated and not shadowed by any other factor.

This study will use secondary data as a base that will have to be drawn using publicly available corporation reports. The application of secondary data in this study will be advantageous as it will provide rich and reliable data relating to corporate governance and tax disclosures without the need to collect very primary data, which is time-consuming and costly. Analysis based on secondary data makes large scale

analysis possible and consequently a wide range sample of Malaysian firms of different sectors can be included.

The annual reports will give detailed financial reports in terms of ETR, tax strategy, voluntary tax disclosure, tax payment and contribution, income tax expense, deferred tax liabilities/assets, tax compliance and audit findings and tax governance framework. The contents of the corporate governance reports will give details relating to the composition of the boards in terms of the gender diversity of the boards and also the independence of the boards. The sustainability reports typically also have information on how the company is practicing CSR, and this can also include aspects of tax-related disclosures with respect to more general ethical conduct. To illustrate, the study carried out by Akhtaruddin et al. (2009) on the domain of corporate governance and voluntary disclosures in the country of Malaysia on the basis of the annual reports and on corporate governance disclosures reports revealed that good practices of corporate governance can be connected with the high level of disclosure transparency.

#### **4.3 Research Model and Variable Descriptions**

The following section provides the research model together with the definition of the key variables that would be utilized to explore the connection between corporate governance features and tax disclosure practices in Malaysian PLCs. The research model is specifically formulated to test the predetermined hypotheses by operationalizing the key variables to be sure that they reflect the most crucial aspects of corporate governance, as well as tax transparency. These variables are also systematically defined where each variable is made in a way that it captures how such variables can affect the practice of tax disclosing as well as enabling an empirical test

on how governance variables have an influence in determining the extent of tax transparency. The operationalization of these variables thus seeks to give detailed explanation regarding the relationship between corporate governance and tax disclosure in the broad context of CSR and business ethics within the larger Malaysian business scenario.

#### **4.3.1 Research Model**

The research model is a hypothetical model used to describe how the various independent variables relate to the dependent variable. This model is meant to validate the study hypotheses and attain the research objectives by determining and analyzing the direct relations that are likely to impact tax transparency. The basic model and the interaction model will be used in the analysis and this will provide an understanding of the isolated and combined impact of these two elements of governance on tax disclosure practices among Malaysian PLCs.

##### **Model 1 – Basic Model**

The basic model incorporates the main independent variable gender diversity and a series of control variables namely: the size of the board, independence of board, the level of profitability, compliance with the MCCG and the TCGF. These are the variables that are suspected to affect the dependent variable which is tax disclosure significantly. The model is meant to explore how gender diversity in corporate boards, coupled with these control factors, can influence the degree of tax transparency in the publicly listed Malaysian firms.

The equation for the basic model is as follows:

$$TDI_i = \beta_0 + \beta_1(\text{Female}\%_i) + \beta_2(\text{BoardSize}_i) + \beta_3(\text{BoardInd}_i) + \beta_4(\text{Profitability}_i) + \beta_5(\text{MCCG}_i) + \beta_6(\text{TCGF}_i) + \varepsilon_i$$

Where:

- $TDI_i$  is the tax disclosure index for company  $i$
- $\text{Female}\%_i$  is the proportion of female directors in board of company  $i$
- $\text{BoardSize}_i$  is the size of the board of company  $i$ .
- $\text{BoardInd}_i$  is the proportion of independent directors in the board of company  $i$ .
- $\text{Profitability}_i$  is the profitability of company  $i$ , measured by ROA.
- $\text{MCCG}_i$  is the adherence to the MCCG framework for company  $i$ .
- $\text{TCGF}$  is the adherence to the TCGF for company  $i$ .
- $\beta_0$  = Intercept term.
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5,$  and  $\beta_6$  are the regression coefficients for each variable.
- $\varepsilon_i$  is the error term.

## Model 2 – Interaction Model

Model 2, Interaction Model, expands the analysis of the basic regression model by including interaction terms involving key independent variables. The model is based on the investigation of relations between gender diversity and tax disclosure not only separately but also in conjunction with other corporate governance features, which are board size and independence. Use of interaction terms may enable the analysis of whether the impact of gender diversity on tax disclosure can differ in terms of the size of the board or the extent of board independence.

$$TDI_i = \beta_0 + \beta_1(\text{Female}\%_i) + \beta_2(\text{BoardSize}_i) + \beta_3(\text{BoardInd}_i) + \beta_4(\text{Female}\%_i \times \text{BoardSize}_i) + \beta_5(\text{Female}\%_i \times \text{BoardInd}_i) + \beta_6(\text{Profitability}_i) + \beta_7(\text{MCCG}_i) + \beta_8(\text{TCGF}_i) + \varepsilon_i$$

Where:

- $\text{Female}\%_i \times \text{BoardSize}_i$  is the interaction between the percentage of female directors of company  $i$  and the size of the board of company  $i$ .
- $\text{Female}\%_i \times \text{BoardInd}_i$  is the interaction term between percentage of female directors on the board of company  $i$  and percentage of independent directors on the board of company  $i$

#### 4.3.2 Variables of the Study

The study relies on several significant variables in the analysis of the relationship between the board gender diversity and the tax disclosure practices, which are adequately defined and operationalized to offer valid and dependable values. The primary independent variable shall be the board gender diversity, and the primary dependent variable shall be the tax disclosure practices. In addition, a series of control variables are also added to reduce the scope of analysis and increase the explanatory power of the model.

#### Dependent Variable

Tax disclosure is the dependent variable in this study, and it indicates the degree to which companies publish information concerning their taxation processes. Tax disclosure is very critical with regard to transparency, accountability, and compliance with the tax laws. The study is employing a TDI to measure tax disclosure that will measure presence of tax disclosures information in an annual report, a

sustainability report, and a corporate governance report. The targeted disclosure areas covered by TDI include ETR, tax strategy, voluntary tax disclosure, tax payment and contribution, income tax expense, deferred tax liabilities/assets, tax compliance and audit findings and tax governance framework. All these disclosures would be assessed as disclosed (1) or not disclosed (0). The TDI score will be calculated as the ratio of disclosed items to the total possible items, thus giving a numeric representation of the company's tax transparency. A higher TDI score indicates that the company is more transparent about its tax practices and tax obligations.

The TDI is a well-known empirical tool deployed in tax transparency research, and it provides a quantitative measure of corporate tax disclosure. The TDI has been previously used in studies, to determine the quality and transparency of reporting taxes (Tsalavoutas, 2011). This measure is applied in the present study to inclusively evaluate corporate tax disclosures and to cover voluntary reporting beyond the statutory minimum requirements and hence provide an indication of the commitment of each company towards reporting on a transparent basis. As tax transparency plays a central role in governance around the world, therefore, the TDI provides a robust context of showing whether gender-diverse organizations managed by gender-diverse boards report tax information more extensively and transparently in comparison with their peers.

### **Independent Variable**

The concept of operationalization of gender diversity in this study will be viewed in the proportion of the number of female directors on the board of directors per each company. It has been operationalized to reflect the patterns of previous literature that have been based on similar measures to confirm the affiliation between

by-the-board diversity and corporate governing outcomes (Adams & Ferreira, 2009; Elouaer et al., 2022). One of the fundamental indicators used by the literature is the percentage of female directors. It represents a measure of how gender-diversified the board is, and therefore how large of a potential interest the female has in the business decision-making process can become.

As many empirical studies have already demonstrated, more gender-diverse corporations have been proven to experience improved decision-making processes, transparency, and better implications on CSR (Carter et al., 2003; Adams & Ferreira, 2009). The recent study also indicates that gender diverse boards will probably result in the ethical consideration of corporate decision making and increase the level of transparency in the activities of a company (Vacca et al., 2020). Such findings take on specific salience when tax transparency is involved since ethical considerations regularly form the basis of tax disclosure actions among firms. It results in the measurement of gender diversity in terms of such variable as the percentage of female directors that allows direct testing the effect of the given variable on transparency of tax thus explaining its position in the entire system of corporate disclosures.

### **Control Variables**

Control variables will be considered to help explain other influences that might determine the dependent variable (tax disclosure) and how gender diversity affects it. This study incorporates five principal control variables which include board size and board independence, firm profitability and adherence to the key frameworks like the MCGG and the TCGF.

The board size is the total number of members on a corporate board. A bigger board also could possess additional resources, broader scopes of points of view, and

better ability to supervise the management and participate in the governance activity, such as tax disclosures. However, the correlation between board size and tax disclosure may be complicated since certain researchers have indicated that tax disclosure may be minimized by a bigger board when there exists uncoordinated coordination or diffused responsibility (Jensen, 1993). It has been indicated that bigger boards can afford to provide adequate resources to maintain appropriate monitoring and governing conduct, which can even encompass tax reporting (Dalton et al., 1998). The bigger boards are also likely to be keen to make sure that the business complies with the best practices in tax governance. Nevertheless, according to Fama & Jensen (1983), the bigger the board, the more problems related to coordination it can have and thus less effective in requiring full tax disclosures. This variable would ensure that the study controls the possible impact of the board size on tax transparency.

It has been shown that independence of board is a significant element in improving corporate governance and ensuring that the management decisions like those relating to tax planning accord with the interest of shareholders (Fama & Jensen, 1983). Tax reporting in independent boards has more chances to be transparent, accurate, and compliant with regulations. Lanis and Richardson (2011) conducted a study that found that independent boards were related to transparent tax disclosure practices in firms. Independent directors can also be used as a control measure wherein they can make sure that the company is engaged in proper and ethical tax practices.

The maintainability of the company in the making of cash out of its assets is the firm profitability defined by Return on Assets (ROA). This study will use ROA as a proxy of profitability. ROA provides a good indicator on how effectively a company utilizes its assets in generating its profits and it is most commonly used in corporate

governance and financial research (Lanis & Richardson, 2011). Companies that make higher profits will be ready to make the step of voluntary tax disclosures since they have better chances at attaining a positive image before both the investment community and the government. Profitability also influenced the amount of tax the company pays and as such it becomes a pertinent control variable in this study. Lanis & Richardson (2011) also discovered that more profitable entities will presumably make tax disclosure to increase their reputation and avoid regulatory attention. Profitability can also influence the tax policies of the company and more profitable companies will tend to undertake more sophisticated tax planning and are therefore more likely to report extensive tax information to stakeholders. By incorporating the ROA as a control variable, the research will take into consideration the influence the profitability will have on the set of practices concerning tax disclosure.

Both the MCCG and the TCGF provide guidelines that encourage ethical governance and tax transparency. The MCCG, which is a voluntary tool issued by the Securities Commission of Malaysia, aims at increasing board diversity, as well as transparency in the governance levels in the corporate sector. In comparison, the TCGF administered through IRBM provides idea practices to reduce tax risks and enable tax compliance. MCCG has proved to be especially effective in facilitating gender diversity in Malaysian boards in the corporate practice (Securities Commission of Malaysia, 2021). Companies complying with the guidelines of MCCG are thus expected to maintain high standards of disclosure including the tax information. TCGF, in its turn, requires detailed reporting on corporate tax practices and strategies; companies that adhere to this framework are likely to adopt the tradition of comprehensive and transparent tax governance regimes, thereby disclosing a wide range of tax information to the rest of the parties (IRBM, 2022). To reflect

conformance with these two instruments, the study uses a binary variable (1 = the company adheres to MCCG/TCGF and 0 = the company does not). Compliance will be measured by reference to statements, which the company has made publicly especially a commitment to the female-board quota of 30% and a commitment to the TCGF disclosure regulations.

#### **4.4 Sampling and Data Collection Method**

A very significant part of the research process is sampling and data collection, which affects the scope of the research, representativeness and reliability of the research findings. This paper seeks to investigate the association relating to gender diversity of the board and the tax disclosure behaviour of Malaysian PLCs. This part describes the sampling procedures such as selection of companies and how the data that were to be included in the study will be gathered and synthesized based on key variables of the study. The study shall deliver quality results due to its rigorous and methodical approach on the data being collected thereby giving good results with regard to the correlation of governance structure and tax transparency in the framing of Malaysian corporate practices.

##### **4.4.1 Sampling Method**

In this study, the sampling method employed is a purposive sampling technique, where a total of 55 companies were selected from eleven non-financial sectors listed on Bursa Malaysia. Five companies were chosen from each sector, ensuring a balanced representation across a wide range of industries, including construction, consumer products and services, energy, healthcare, industrial products and services, plantation, property, technology, telecommunications and media, transportation and logistics, and utilities. This approach was used to reflect the

diversity of corporate governance practices and tax disclosure behaviors across different sectors of the Malaysian economy. The sample will exclude financial services sectors such as banks, real estate investment trusts (REITs) and business trusts. This is the rationale behind such exclusion since financial organizations are treated differently in the regulatory environment and exhibit different tax disclosure policies. They also have more complex and peculiar financial and tax reporting practices, which differ in many ways with typical corporate governance problems in the non-financial sector (Lanis & Richardson, 2011).

The companies within each sector were selected based on market capitalization and the availability of relevant tax and corporate governance data. This ensures that the sample includes firms that are not only significant players in their respective industries but also provide sufficient financial and tax disclosures for analysis. The purposive selection of companies from sectors like construction, consumer products and services, energy, and technology was particularly important as each of these sectors faces unique regulatory, financial, and operational challenges. These challenges can directly influence corporate governance structures and tax transparency, making these sectors highly relevant to the study.

The selection method was non-random, as the focus was on ensuring that each sector was adequately represented by companies that provide comprehensive and publicly available data on tax disclosures and corporate governance practices. The purposive sampling approach also allows for a more focused comparison of how gender diversity in boards influences tax disclosure across sectors with varying governance requirements and regulatory environments.

By using this sampling method, the study is able to provide insights into corporate governance and tax transparency in a diverse set of industries. This allows for a deeper understanding of how gender-diverse boards might contribute to better tax disclosure practices in a broad range of corporate settings, making the findings of the study more relevant and applicable to the broader corporate landscape in Malaysia.

#### **4.4.2 Data Collection Method**

This study will utilize corporate information in the form of annual reports, corporate governance reports and sustainability reports for the year 2024, which are available publicly. These documents are chosen due to the extensive information included in these documents regarding company board composition, corporate governance practice and financial reporting, including tax disclosures. Information on these documents will be retrieved using the company websites, the Bursa Malaysia or other reputable financial databases. Reports that are publicly available can serve as a source of data that is consistent and that can be verified throughout the sample.

The data presented in the annual reports are the financial position of the company, tax compliance, tax planning and governance practices. Tax disclosure information in annual reports may include the ETR, tax paid, and overall tax strategy. Previous studies, such as by Lanis & Richardson (2011), have used annual reports as a key source of tax-related data, as they often contain detailed financial statements and management commentary on tax strategies and risk management. The corporate governance reports provide an explanation of the governance structure of the company and the gender division of board. The reports will be used to provide information on board diversity. These reports also will give information about the governance structure of the company. The information needed on board diversity will also be

extracted using these reports and the number of female directors in the board. In the sustainability reports, companies may also reveal their tax plans and their adherence to ethical tax strategies as part of a larger strategy of enhancing CSR and transparency. This data presented through these reports is non-financial, which is becoming more applicable in this current governance arena. The CSR disclosures tend to report on the way a company handles its tax responsibilities and corporate ethics, both of which are important aspects of tax transparency. A study conducted by Dhaliwal et al. (2011) indicates the increasing importance of CSR disclosures associated with the higher quality of tax governance.

Each of the companies will be evaluated using TDI and this will determine the amount of tax related information that is disclosed. TDI will be made based on the availability of information on ETR, tax strategy, voluntary tax disclosure, tax payment and contribution, income tax expense, deferred tax liabilities/assets, tax compliance and audit findings and tax governance framework. Items disclosed will be scored as 1 and the remaining score as 0 and TDI will be the ratio of the disclosed, with the total that could have been disclosed.

#### **4.5 Chapter Summary**

This chapter presented the research methodology to examine the correlation, which exists between the corporate governance features and tax disclosure features in Malaysian PLCs. To what degree gender diversity, board size, board independence, profitability, and adherence to governance principles like the MCCG framework and TCGF affect tax transparency will be the main focus of the study.

The research model, which includes two vital models which are the basic model and the interaction model has been presented in this chapter. While the interaction model investigates the possibility of interaction effects between factors, such as board size and gender diversity, the basic model examines the two relationships between the independent and dependent variables.

Independent and control variables were mentioned elaborately with clear explanation of how each one was measured. The dependent variable or TDI was determined, with its components identified that would be addressed when tax transparency of companies is assessed.

Research design, sampling procedures and data collection procedures were also explained in the chapter, with an added emphasis being given to the use of readily available corporate reports like annual reports, corporate governance reports and sustainability reports. These reports will provide the targeted data to come with some measures of taxes disclosure and to allow the study to estimate the impact of corporate governance on the tax reporting practice.

## CHAPTER 5: RESULT AND DISCUSSION

### 5.1 Introduction

This chapter is a revelation of the findings and detailed analysis of the research that has been conducted within the scope of the question of gender diversity on the board of directors of companies and the tax disclosure in Malaysian PLCs. The analysis is grouped into three big sections, which include descriptive statistics, diagnostic tests and multivariate analysis. Each of these sections gives a deep analysis of the variables and the correlation with each other and in particular, how diversity in gender affects the tax transparency in the Malaysian context of corporate governance.

### 5.2 Descriptive Statistics

The descriptive statistics of the key variables of interest were computed in the first stage of the data analysis. These values provide summaries of the mean and dispersion as well as a distribution range of the variables and as such these are vital in giving information regarding details of the nature of the sample and form the basis of interpretations of the regression estimates.

Table 5.2 Descriptive Statistics for Variables

Variable	M	SD	Median	Min	Max
% Female Representation	29.48%	12.87%	33.33%	0%	57.14%
Board Size	8.27	1.99	8	5	12
% Independent Director	52.16%	13.96%	55.56%	0%	83.33%
Profitability (ROA)	4.22%	6.66%	3.57%	-12.76%	26%
MCCG	0.52	0.5	1	0	1

Variable	M	SD	Median	Min	Max
TCGF	0.018	0.13	0	0	1
TDI	63.86%	11.45%	62.5%	50%	87.5%

Note. M = Mean, SD = Standard Deviation, Min = Minimum, Max = Maximum, N = 55

One of the variables in this study is the percentage of the female representation in the corporate boards. The mean proportion of female representation in the boards in sample is 29.48% and standard deviation is 12.87%. This indicates that despite there being a high percentage of female directors in few companies, most of them exhibit the smaller percentages of gender diversity. The 0% to 57.14% percent indicates that there exist companies among the sample that have either very few or no female directors, as well as those that exceed the 30% threshold set by the MCCG. An increased and diverse gender in the board has been found to be linked with better governance and transparency especially in the areas of ethical decision making and corporate reporting (Adams & Ferreira, 2009). The significant disparities between all companies in terms of female representation suggest that gender diversity within the Malaysian corporate environment is not yet optimal and consistent, which is characteristic of other growing economies (Khaoula & Moez, 2019).

The means of the board size in the sample are 8.27, standard deviation is 1.99, and the range is 5 versus 12 directors. It coincides with the evidence in the corporate governance framework, according to which the size of a board usually ranges between 6 and 12 members (Vafeas, 2017). A larger board can have the advantage of a greater variety of skills and skills set and views which can potentially translate to stronger governance and decision making. Nevertheless, board size is also often associated with

such issues or prospect of inefficiencies or governance issues, when the elongation of the size of boards becomes too extensive and experience a reduction in effectiveness in the oversight activities (Fama & Jensen, 1983). In the context of this analysis, the variances point out that the extent of the board size does not represent an extreme variation, but the variation itself could have an influence on the governance activity of the businesses, particularly on the practice of tax transparency.

The average percentage of independent directors in the boards sample is 52.16%, standard deviation is 13.96% and the exposure is 0% to 83.33%. This indicates that despite the MCCG being followed by most companies indicating that the board should at least constitute one-third of independent directors, other firms have considerably low levels of independence and others extremely independent. The presence of independent directors is a significant part of the company as they are supposed to give assurance that the management of the company is pursuing the interests of not just the shareholders but also other stakeholders and hence the reason why independent directors are usually linked to enhanced transparency of the business practices (Dhaliwal et al., 2014). The evidence demonstrates that it has positive association between ratio of independent director and the percentage of transparent tax reporting, since independent directors are assumed to be less susceptible to the influence by the management than non-independent directors and will be more likely to tracking and reporting tax reports based on the ethical rule (Fama & Jensen, 1983).

The mean of profitability (ROA) in the sample with standard deviation is 4.22% and 6.66% respectively and the min with max value as -12.76% and 26.00% respectively. This broad margin suggests that certain firms in this sample are very profitable, whereas others are not profitable, or they are experiencing a loss. Past

studies indicate that either more profitable companies might possess stronger incentives to disclose tax information in a transparent manner since they generally have better access to resources, and they are less likely to face regulatory scrutiny (Lanis & Richardson, 2011). Nevertheless, the fact that a reverse relationship was found between ROA and tax disclosure in correlation analysis can suggest that the concept of profitability does not act alone as the personal factor influencing the way companies comply with tax information disclosures in this study and that the role of other corporate governance tools, including gender diversity, can be central to the way companies approach this aspect of disclosure.

The mean level of adherence to the MCCG was 0.52 and standard deviation was 0.5 which shows that there are those companies that adhere to the code to full extent (100%) and also the companies that do not comply at all (0%). MCCG outlines principles of good corporate governance setting value on transparency, board of directors' diversity and accountability. Since the sample has shown a positive relationship between the MCCG compliance and the tax disclosure, this assumption implies that the firms that are compliant with the MCCG have a higher chance of reporting the taxes in a transparent manner (Malaysian Securities Commission, 2021). The result aligns with prior research since it claims that stricter governance models may increase transparency (Mgammal & Ismail, 2015).

The average compliance with the TCGF is 0.018, and the standard deviation equals 0.13, which implies that compliance of the companies with tax governance standards is low. The lowest was 0, which means that there are those companies which do not follow the framework at all and there are those which practice it completely and strictly. Although the average adherence is low, the connection between adhering to

the TCGF and the disclosure of tax may be significant. The framework is designed to promote responsible tax management and transparency, aligning with international standards like the OECD's BEPS guidelines. Based on the findings, the companies with adherence to the TCGF are supposed to disclose more information on tax (IRBM, 2022), yet the average adherence in this sample was not high, thus full compliance with these frameworks is still a challenge.

The TDI mean is 63.86% with a standard deviation of 11.45%, and the minimum of 50.00% and the maximum of 87.50%. This implies that tax transparency differs significantly across firms with some having very comprehensive disclosures on tax and some having just enough disclosures required by the law. TDI score shows the degree to which a company adheres to voluntary tax disclosures, a significant aspect of the corporate reputation and the attitude of the stakeholders towards the company (McCredie et al., 2021). The higher the TDI, the more socially responsible are the companies and this transparent process serves to reduce risks related to tax avoidance and tax non-compliance. The relatively high variability in the scores of TDI in this study indicates the unevenness in the practicing of comprehensive tax reporting practice in the sample group, though it is evident that the greater level of tax transparency spells significant advantages.

The difference in combination of female representation and the independence of the boardrooms indicates that the overall corporate governance processes, based on the level of gender diversity, might vary greatly between companies, which might be reflected in transparency of their tax policies. In addition, the high variability of profitability (ROA) and TDI emphasize the diversities in corporate practices across industry. These descriptive results preface the interpretations of the relationships

discussed in the regression analysis and add to the hypothesis that gender diversity, among other governance mechanisms, is an important factor in enhancing transparency in taxes. As the data indicate, gender diversity is one of the main considerations of tax disclosure. Nevertheless, it also becomes clear that when analyzed, other variables, including size of boards and independent and profitable boards, have the potential to impact governance practices, although with differing degrees.

### **5.3 Diagnostic Test**

Diagnostic tests are important in testing the robustness of regression analysis since underlying assumptions of the tests are validated. These tests make the regression used to be appropriate and reliable. Three main diagnostic tests that were used in this study are multicollinearity, normality of residuals and linearity.

#### **5.3.1 Multicollinearity Test**

High levels of correlation between one or more of the independent variables in a regression model are known as multicollinearity. Such a correlational value may result in a number of challenges, including an exaggerated standard error and an inability to determine the specific impact that each predictor has on the dependent variable. As a result, the estimates become skewed and the regression coefficients could not be valid (O'Brien, 2007). The multicollinearity of the model was determined in this study using the Variance Inflation Factor (VIF) and the Correlation Matrix. These tests were carried out to make sure the study's regression analysis results were reliable and valid.

## Correlation Matrix

The Correlation Matrix is a statistical tool employed in determining the magnitude of the linear association amid pairs of independent variables in a regression equation. It also assists in detecting any possible problems of multicollinearity when correlations between independent variables exceed values and may exaggerate the value of the standard errors and generate inaccurate regression analysis results (Studenmund, 2014). The correlation matrix gives information on how closely one independent variable can explain or predict the variability in another by giving the pairwise correlation between the variables. High correlations among variables (usually above 0.8) can be an indication of multicollinearity, and diagnosis of such as using the VIF is necessary. The Correlation Matrix, therefore, becomes a necessary component in regression analysis as it allows researchers to identify and eliminate problematic correlations and also make the model robust (Hair et al., 2014).

Table 5.3.1.1 Correlation Matrix

Variable	% Female Representation	Board Size	% Independent Director	Profitability (ROA)	MCCG	TCGF
% Female Representation	1	0.280	0.338	0.220	0.854	-0.010
Board Size	0.280	1	0.112	0.008	0.296	-0.088
% Independent Director	0.338	0.112	1	0.225	0.218	-0.091
Profitability (ROA)	0.220	0.008	0.225	1	0.136	-0.074
MCCG	0.854	0.296	0.218	0.136	1	-0.144
TCGF	-0.010	-0.088	-0.091	-0.074	-0.144	1

Note. Values represent Pearson correlation coefficients.

The correlation matrix reveals the pairwise relationships between the variables. Notably, the correlation between % female representation and board size is moderate

(0.28), which suggests that these two variables are not highly correlated, thus avoiding multicollinearity concerns (O'Brien, 2007). A moderate correlation (0.338) exists between % female representation and % independent directors, indicating a small overlap between these variables, but it is not of sufficient magnitude to cause concern. Similarly, board size and MCCG are moderately correlated (0.296), which suggests that larger boards may be more likely to be in compliance with requirements of corporate governance, this has coincided with other past studies that have found bigger boards to be more aptly placed to manage the stewardship tasks (Jensen, 1993).

## VIF

Multicollinearity was assessed by determining the values of VIF of every variable. VIF relates to the extent to which variance of the estimated regression coefficient is elevated by collinearity with other variables. VIF is a more direct method of assessing multicollinearity, with a VIF value above 5 generally indicating problematic multicollinearity.

Table 5.3.1.2 VIF for the independent variables in this study

	VIF
% Female Representation	4.46
Board Size	1.11
% Independent Director	1.20
Profitability (ROA)	1.10
MCCG	4.15
TCGF	1.11

Given Multicollinearity does not seem to be a significant issue in this model since all the values of VIF are less than 5. The VIF of MCCG is higher (4.15),

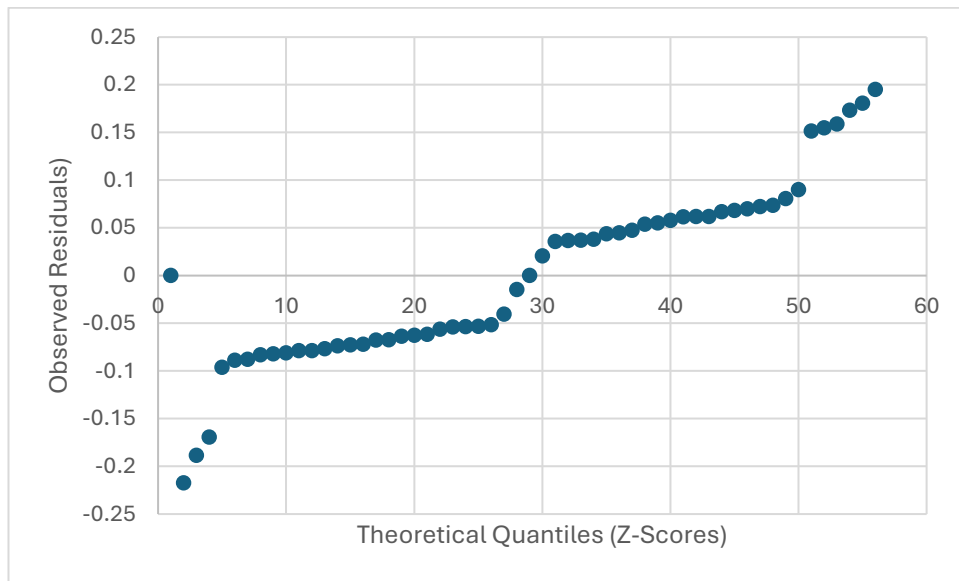
consistent with the fact that the bigger the board, the more likely that it will be compliant with the MCCG requirements. However, this does not present an issue, as the value is still below the commonly accepted cutoff.

Multicollinearity is not a severe issue in the model, and the correlations among variables fall into an acceptable range, indicating that the connections between the predictors do not cause problems with the analysis even in a regression model (Hair et al., 2014).

### **5.3.2 Normality of Residuals**

One of the most important assumptions in the regression analysis is raw residual normality, which guarantees performance of hypothesis testing and the correctness of estimates. The estimates of the regression coefficients become unbiased when the residuals follow a normal distribution and the hypothesis tests that are carried out are deemed valid. In order to determine the normality of the residuals in this research, the Q-Q plot (Quantile-Quantile plot) was employed. This is a plot that combines an observation of the residuals with a theoretical normal distribution. When the residuals are normally distributed, in a Q-Q plot, the points will cluster closely about a straight line which means no clear indication of deviation of data against normality. Deviations with this straight line might imply non-normality and this might influence the validity of the regression model and tests. The Q-Q plot is therefore a diagnostic tool to confirm this important assumption and also establish the validity of the study results.

Figure 5.3.2 Q-Q Plot for Residuals



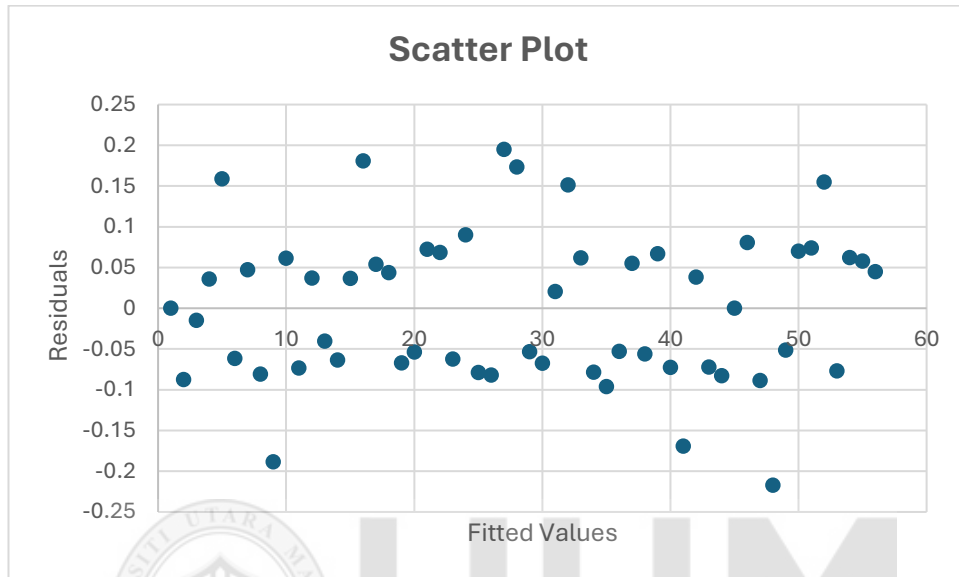
The Q-Q plot indicates that the residuals are approximately normally distributed, with only minor deviations from the straight line. These minor variations cannot be considered major and indicate that the assumption of normality with the regression model is met. The fact that the residuals are conforming to the line indicates that the assumption of normality is maintained (Gupta & Kapoor, 2014). It implies that regression findings could be interpreted without bias-related concerns that may be linked to non-normality.

### 5.3.3 Linearity Test

Linearity assumption holds the key in regression analysis, because it assumes that there should always be a linear relationship between the independent and dependent variables. In such a case, if this assumption is not met and the kind of relationship is not linear, the regression model might not be able to represent true relationships among the variables, and this might give a biased estimate. In order to determine whether the relationship is linear or not, this study looked at a residual vs fitted values scatter graph. This plot graphically shows whether there has been random distribution of residuals around zero. A consistent pattern in the plot would suggest that

the model is non-linear, that it may not adequately represent the data, and that more transformation or model modification would be required to get at a satisfactory conclusion.

Figure 5.3.3 shows the residual vs. fitted values scatter plot



The plot indicates that the residuals are spread randomly with no systematic distribution around the zero mark. This indicates that the independent and dependent variables have a linear connection (Cohen et al., 2013). No relationship shows the form of curvilinear relationships, and no trace of heteroscedasticity (residuals variance that varies with fitted values) is indicated.

The random distribution of residuals around zero further supports the assumption of linearity, which is crucial for ensuring that the regression results are unbiased and reliable. The linearity assumption would have been violated in case there was a visible pattern or funnel shape on the residual plot (Field, 2013).

## 5.4 Multivariate Analysis

### 5.4.1 Model 1 – Basic Model

Model 1 regression was conducted to explore the controlling effect of other significant governance factors, (board size, board independence, profitability), compliance with MCGG, and adherence to the TCGF) on the association between the board gender diversity and tax disclosure. Understanding the relationships that exist between these areas of corporate governance and corporate tax disclosure is important because of the role of tax disclosure significance as a measure of ethical firm behavior, adherence to regulation, and corporate image. This model aims to evaluate how the structural aspects of governance, more specifically, gender-diversified boards, affect the extent of tax disclosure positively. These governance structures help to mitigate tax-related risks and improve the status of tax reporting, ensuring that the tax reporting is more transparent, thus strengthening the reputation of a company and encouraging regulatory compliance. The analysis also leads to realizing how the features of governance might be able to influence other corporate conducts, inclusive of aspects of tax planning and reporting, which are within the context of best practices and corporate responsibility.

The regression equation for Model 1 is:

$$TDI_i = \beta_0 + \beta_1(\text{Female}\%_i) + \beta_2(\text{BoardSize}_i) + \beta_3(\text{BoardInd}_i) + \beta_4(\text{Profitability}_i) + \beta_5(\text{MCCG}_i) + \beta_6(\text{TCGF}_i) + \varepsilon_i$$

Table 5.4.1.1 Model 1 - Regression Output

Variable	Coefficient	Standard Error	t Stat	P-value
Intercept ( $\beta_0$ )	0.5681	0.0767	7.4093	1.74E-09 ( $< 0.001$ )
% Female Representation ( $\beta_1$ )	-0.2683	0.2216	-1.2109	0.2319

Variable	Coefficient	Standard Error	t Stat	P-value
Board Size ( $\beta_2$ )	0.0039	0.0071	0.5537	0.5824
% Independent Director ( $\beta_3$ )	0.0331	0.1060	0.3124	0.7561
ROA ( $\beta_4$ )	0.0717	0.2125	0.3375	0.7372
MCCG ( $\beta_5$ )	0.1759	0.0546	3.2204	0.0023
TCGF ( $\beta_6$ )	0.2163	0.1053	2.0540	0.0454

The intercept value of 0.5681 represents the expected TDI when all the independent variables are zero. This suggests that the TDI would be 0.5681 if there were no independent directors, gender diversity, board size, profitability, or adherence to governance frameworks. The p-value (0.001) is highly significant, suggesting that this baseline TDI value is robust and reflects a meaningful starting point for tax disclosure practices, even in the absence of the predictors.

The correlation coefficient of the percentage of female representation is -0.2683, which refers to the negative correlation between the tax disclosure and the female representation on the board. However, the correlation is not significant since the p-value, 0.2319, is much above the standard level of significance, 0.05. This implies that gender diversity is not a substantial factor in the tax disclosure of Malaysian PLCs in this data. This result was contrary to the previous research that suggested gender-diverse boards need to have a greater level of transparency when it comes to tax reporting (Adams & Ferreira, 2009; Post & Byron, 2015). The insignificance may be caused by, among others, the fact that female representation on Malaysian boards remains quite low or that such other variables as board independence or industry-specific practices may hold greater sway into tax disclosure.

Conversely, the correlations involving the size of the board and the tax disclosure were quite weak and insignificant. The coefficient shows that 0.0039 implies a very little positive relationship between the tax disclosure and the board. The relation, however, is not significant, which is suggested by the p-value that forms 0.5824. This outcome indicates that the disclosure of taxes practices by a company is not related in a significant way to the size of the board. The study supports the findings of other studies that have produced conflicting findings on the importance of board size in enhancing tax transparency. Although increasing board sizes theoretically can help to extend the underpinning knowledge and views and provide more effective control, it can also result in more transparent reporting. The findings in this study show that board size in itself is not a significant predictor of tax disclosure (Vafeas, 2017). The other challenges that might be encountered by a bigger board include difficulties in the process of communication and the presence of dilution of the decision-making processes that could compromise the effectiveness of the board in influencing a transparent tax behavior (Fama & Jensen, 1983). Therefore, this analysis shows that tax transparency depends more on the quality of governance than on the size of the board.

The correlation between board independence and tax disclosure is a positive one even though it is not statistically significant. The independent director's coefficient percentage was 0.0331, which means that tax disclosure is increasing slightly as the percentage of independent directors. Nonetheless, 0.7561 as the p-value presents that it is not statistically significant and that the independent board does not exhibit a meaningful impact on the tax disclosure of the sample.

A very small positive association between profitability and tax disclosure was also shown in the analysis where the coefficient value of ROA was 0.0717 (p-value 0.7372), indicating that the relationship held no significance. This finding indicates that profitability is not a strong motivating factor of the tax disclosure among the sample of Malaysian firms. While one might expect more profitable companies to disclose more tax-related information (Heitzman et al., 2010), this model indicates that profitability alone does not drive tax transparency in Malaysian publicly listed companies.

The coefficient of MCGG compliance is 0.1759 which means there is positive correlation between MCGG compliance and tax disclosure. Firms in compliance with MCGG have higher chances of providing detailed taxation information. The significance of the p-value is highly significant with a value of 0.0023 indicating this variable that measures the compliance with MCGG is a statistically significant predictor of tax disclosure. This finding complies with the notion that such governance frameworks as MCGG promote more transparency in organizational policies (Malaysian Securities Commission, 2021).

Similarly, the TCGF compliance coefficient is 0.2163 explaining that firms complying with TCGF stand a good chance of providing details on taxes. With the p-value equaling 0.0454, it is slightly less than 0.05 indicating that the TCGF compliance is statistically significant and positively associated with tax transparency. This finding highlights the need to have an effective tax governance framework to promote ethical tax reporting actions (IRBM, 2022).

Table 5.4.1.2 Model 1 fit statistics

Statistic	Value
Multiple R	0.5769
R-squared	0.3328
Adjusted R-squared	0.2494
Standard Error	0.0992
Observations (n)	55

Note. R-squared represents the proportion of variance in the dependent variable explained by the independent variables, while Adjusted R-squared accounts for the number of predictors in the model. Multiple R indicates the strength of the relationship between the observed and predicted values.

Table 5.4.1.3 Overall model 1 significance

Source	SS	df	MS)	F-statistic	Significance F
Regression	0.2358	6	0.0393	3.9896	0.00256
Residual	0.4728	48	0.0099		
Total	0.7085	54			

Note. SS = Sum of Squares, df = Degrees of Freedom, MS = Mean Square. The F-statistic tests the overall significance of the model, and Significance F indicates the probability of obtaining the observed value of the F-statistic under the null hypothesis.

The model fit statistics demonstrate that the regression model 1 is reasonably effective in explaining the variation in tax disclosures among Malaysian publicly listed companies. Although R-squared indicates that the model accounts for about one-third of the variability in TDI, the relatively moderate Adjusted R-squared and significant F-statistics suggest that the variables, especially MCGG compliance and TCGF

compliance are important drivers of tax transparency. However, the model also implies that other factors, not included in the model, may be influencing tax disclosure practices.

The significance of the F-statistic reinforces that the MCCG and TCGF compliance are crucial to improving tax transparency, consistent with findings in previous studies (Heitzman et al., 2010). However, the uncovered unexplained variation suggests the necessity to investigate further additional circumstances that could direct the tax disclosure behavior such as industry-specific features and more specific corporate governance aspects.

#### **5.4.2 Model 2 – Interaction Model**

Model 2 was carried out to examine the interaction effects of gender diversity, board size and board independence on tax disclosure. This model, which is an extension of the basic model, adds on interaction terms to investigate further on the basis that the combination of gender representation and the defining attributes of the board including board size and independent tells more about tax transparency. This model examines whether the impacts of gender diversity on tax disclosure depend on the board size or the degree of independent board, which provides a better interpretation of the workings of the given factors of corporate governance in combination, to either contribute or impede clarity of tax reporting. The interaction terms make it possible to have a more subtle interpretation of how different attributes of governance when viewed jointly may add to the tax disclosure performance of companies, and tax transparency.

The regression equation for Model 2 is:

$$TDI_i = \beta_0 + \beta_1(\text{Female}\%_i) + \beta_2(\text{BoardSize}_i) + \beta_3(\text{BoardInd}_i) + \beta_4(\text{Female}\%_i \times \text{BoardSize}_i) + \beta_5(\text{Female}\%_i \times \text{BoardInd}_i) + \beta_6(\text{Profitability}_i) + \beta_7(\text{MCCG}_i) + \beta_8(\text{TCGF}_i) + \varepsilon_i$$

Table 5.4.2.1 Model 2 – Regression Output

Variable	Coefficient	Standard Error	t Stat	P-value
Intercept ( $\beta_0$ )	0.4828	0.1636	2.9516	0.00496
% Female Representation ( $\beta_1$ )	-0.03279	0.6210	-0.0528	0.9581
Board Size ( $\beta_2$ )	0.02339	0.0235	0.9970	0.3240
% Independent Director ( $\beta_3$ )	-0.09895	0.2143	-0.4618	0.6464
Female% $\times$ Board Size ( $\beta_4$ )	-0.06133	0.0730	-0.8401	0.4052
Female% $\times$ % Independent Director ( $\beta_5$ )	0.47597	0.7856	0.6059	0.5476
ROA ( $\beta_6$ )	0.10192	0.2255	0.4520	0.6534
MCCG ( $\beta_7$ )	0.17674	0.0565	3.1302	0.0030
TCGF ( $\beta_8$ )	0.21895	0.1069	2.0476	0.0463

Since the coefficient of the interaction term computed as -0.06133 is negative, there may be some possibility that the outcome of the size of board and gender diversity together may have a slight effect in decreasing tax disclosure. But the p-value (0.4052) is bigger than 0.05, which means this interaction effect can be considered insignificant.

Female representation and board independence is positively correlated with the coefficient of the interaction term = 0.47597 which implies that the interaction effect between female directors and independence directors is charting positively into

relation with tax disclosure. But the p-value (0.5476) is more than 0.05 and this interaction effect is not significant.

Table 5.4.2.2 Model 2 fit statistics

Statistic	Value
Multiple R	0.5876
R-squared	0.3453
Adjusted R-squared	0.23147
Standard Error	0.10042
Observations (n)	55

Table 5.4.2.3 Overall model 2 significance

Source	SS	df	MS)	F-statistic	Significance F
Regression	0.2446	8	0.0301	3.0330	0.0080
Residual	0.464	46	0.0101		
Total	0.709	54			

The Model 2 regression presents moderate correlation between characteristic attributes of corporate governance with tax disclosure practice. The Multiple R value is 0.5876 which means it has a moderate correlation, and the value of  $R^2$  is 0.34533 which means that the model explains only about 34.5% of the variation in the tax disclosure. The value of Adjusted  $R^2$  provides an interpretation that the amount of variance explained after the inclusion of the number of predictors is about 23.1% to the amount of variance in tax disclosure. The Standard Error of 0.10042 shows that there exists reasonable accuracy in the model in its predictions.

The overall additional test significance is significant, meaning the variables used in the analysis are important in determining tax disclosure. This supports the idea that corporate governance practices, like gender diversity, help companies improve their tax transparency, which aligns with previous studies.

### 5.4.3 Additional Test

To further improve the comprehension of the effect of gender diversity on tax disclosure practices, an additional test was implemented to check the conjunction among women representation in the corporate boards and two major corporate governance structures, MCCG and TCGF. This model builds on the latter analysis by including 2 new terms of interaction: Female% x MCCG and Female% x TCGF. Through these interactions, the model can offer a deeper insight into how gender-diverse boards can have an impact on aspects of corporate tax transparency particularly in the framework of governance systems that favor ethical tax conduct and regulatory conformance.

The regression equation for additional test is:

$$TDI_i = \beta_0 + \beta_1(\text{Female}\%_i) + \beta_2(\text{BoardSize}_i) + \beta_3(\text{BoardInd}_i) + \beta_4(\text{Profitability}_i) + \beta_5(\text{MCCG}_i) + \beta_6(\text{TCGF}_i) + \beta_7(\text{Female}\%_i \times \text{MCCG}_i) + \beta_8(\text{Female}\%_i \times \text{TCGF}_i) + \varepsilon_i$$

Table 5.4.3.1: Additional Test – Regression Output

Variable	Coefficient	Standard Error	t Stat	P-value
Intercept ( $\beta_0$ )	0.563979	0.077338	7.292369	2.95E-09
% Female Representation ( $\beta_1$ )	-0.05976	0.378474	-0.1579	0.875212
Board Size ( $\beta_2$ )	0.002165	0.007629	0.283835	0.777784
% Independent Director ( $\beta_3$ )	-0.00684	0.121611	-0.05621	0.955412
ROA ( $\beta_4$ )	0.096183	0.216645	0.443967	0.659104

Variable	Coefficient	Standard Error	t Stat	P-value
MCCG ( $\beta_5$ )	0.270079	0.148654	1.816827	0.075623
TCGF ( $\beta_6$ )	0.190243	0.11258	1.689847	0.097681
Female% $\times$ MCCG ( $\beta_7$ )	0.01423	0.031056	0.405812	0.049883
Female% $\times$ % TCGF ( $\beta_8$ )	0.105801	0.053336	1.983663	0.035152

The interaction term female representation/MCCG is having a positive correlation of 0.01423, implying that this interaction effect is plotting to positively detail in relation to tax disclosure. The p-value (0.049883) is significant which indicates that effect of gender diversity on tax disclosure is significantly determined by MCCG compliance. This implies that the gender diversity of the board in companies that meet MCCG has high chances of disclosing tax information.

With a coefficient of 0.105801 and a p-value of 0.035152, the interaction term involving TCGF and female representation is less than 0.05. This implies a positive interaction effect that is statistically significant. Gender-diverse boards in companies adhering to TCGF tend to disclose more tax-related information, indicating that gender diversity may positively interact with tax governance frameworks to encourage greater tax transparency.

Table 5.4.3.2 represent additional test fit statistics

Statistic	Value
Multiple R	0.5825
R-squared	0.3393
Adjusted R-squared	0.21961

Statistic	Value
Standard Error	0.09980
Observations (n)	55

Table 5.4.3.3 represent overall additional test significance

Source	SS	df	MS)	F-statistic	Significance F
Regression	0.24039	8	0.0300	3.4479	0.0034
Residual	0.46813	47	0.00996		
Total	0.70052	55			

The model fit statistics demonstrate that the additional test has a moderate correlation with tax disclosure. Despite explaining a portion of the factors influencing tax disclosure, the model does not account for all the factors that could affect the outcomes. The standard error indicates that the model's predictions are generally close to the actual data, but there is still some variation.

The F-statistics, 3.4479 and F Significance value, 0.0034 demonstrate that the overall model is indeed significant, and MCGG and TCGF compliance are significant influences of tax disclosure. However, the revealed residual variation indicates that it can be useful to explore more specific situations that may guide the tax disclosure behavior such as industry-specific attributes and even more specific corporate governance factors.

## 5.6 Chapter Summary

In this chapter, the results of the conducted analysis, examining the gendered diversity and the tax disclosure of the Malaysian PLCs, were described. It involved the descriptive statistics, diagnostic test, as well as multivariate analysis.

Descriptive statistics presented a description of the key variables in the study. There was huge variation in the gender diversity of the boards with 29.48% average female representation. The distribution of female directors however had a significant disparity among companies with some companies reaching above the 30% threshold as determined by the MCCG. Similarly, the size of board varied between 5 and 12 and profitability (ROA) varied considerably. This implied a range of company performance and governance practices. Moreover, there was a variation in following the governance structure like the MCCG and the TCGF, where there was complete adherence with some companies not even showing minimal adherence.

Multicollinearity, residual normality, and linearity were also checked in the diagnostic tests as a way of ensuring the robustness of the regression analysis. The VIF values revealed that multicollinearity was not a significant problem since all VIF values are less than 5. The Q-Q plot verified that the residuals were approximately normal (the scatter plot of fitted and residuals did not give any suggestion of non-linearity). These findings substantiated the reliability and validity of the regression analysis, and hence it was not biased or distorted.

In the multivariate analysis (Model 1) of the regression results, gender diversity was not statistically significant in its effect on tax disclosure ( $p$ -value = 0.2319), and, thus, gender diversity on the boards is not significantly associated with the level of tax disclosures. Likewise, the board size and the independence of a board both exhibited

weak or insignificant connections with the tax disclosure practices. MCCG and TCGF frameworks, however revealed to have a significantly strong effect on compliance. Firms with a high adherence to the MCCG and TCGF frameworks had a higher chance of reporting detailed tax-related information, illustrating the relevance of such governance systems in promoting transparency of tax reporting.

In Model 2, in which the interaction effects of gender diversity and board size and board independence interaction effects were tested, no interaction effects were found to be significant in regard to the tax disclosure. This implied that the interaction of these governance qualities did not yield a significant effect on disclosure of tax related information. However, a statistically significant positive correlation was found in the additional test that looked at the interaction between the gender diversity along with MCCG and TCGF compliance, showing that boards gender diversity in companies that adhered to the MCCG and TCGF framework being more likely to disclose tax information transparently.

Conclusively, the results of this study indicate that female representation in corporate boards does not represent a direct impact on tax disclosure activities by a company in Malaysia. Instead, gender-diverse boards in companies adhering to governance frameworks, (MCCG, TCGF), contributed more in enhancing transparency in tax disclosures. Findings indicate a strong role of regulatory frameworks and corporate governance mechanisms in promoting tax transparency and gender diversity, although beneficial to the overall governance, failed to exhibit a direct correlation to tax disclosures.

## **CHAPTER 6: CONCLUSION AND RECOMMENDATIONS**

### **6.1 Introduction**

In this chapter, the study findings, theoretical contribution, practical implications, study limitations, and future research recommendations are all outlined in detail. The main aim of the study was to examine the correlation between tax disclosure practices and gender diversity of the boards of Malaysian PLCs. The drive behind the research was the increased need of greater corporate transparency and ethical tax practice especially in the emergent economies such as Malaysia where corporate governance practices are constantly in a state of revision. This analysis will help in growing knowledge in the area of corporate governance, gender diversity, and tax transparency. Moreover, the knowledge acquired in the course of conducting this research can be used to offer some guidelines to policy makers, leaders of corporate governance and regulators. The results are vital to the enhancement of governance mechanisms and tax disclosure procedures, facilitating ethical conduct in businesses and enhancing high regulatory adherence in the business world.

### **6.2 Discussion on Findings**

The study's findings are significant because they offer some crucial information about how gender diversity affects tax disclosure as well as further information on the function of board independence, size, profitability (ROA), and governance framework adherence. Regression analysis's significant results indicate that MCCG and TCGF compliance have a substantial impact on the amount of tax disclosure, but the gender diversity, board size, board independence does not statistically impact tax transparency of the sample of Malaysian PLCs.

The findings did not support the study's main hypothesis, which was that having a broader diversity of genders on boards would improve tax transparency. Although the result was not statistically significant, the regression analysis showed a negative coefficient for female representation on the boards. It goes against the previous studies stating that female directors are more inclined towards ethical behavior and corporate disclosures, which also includes tax disclosures. To illustrate, Adams and Ferreira (2009) determined that gender-diversified boards are linked with the superior quality of corporate governance and transparency. Similarly, Post and Byron (2015) have postulated that women in high leadership positions are associated with moral way of making decisions and being socially responsible in governance which involves inclusion of more details on tax-related issues. However, the lack of significant results in the present study could be attributed to cultural and regulatory factors specific to Malaysia. The effects of gender diversity on corporate transparency may vary among countries in relation to the institutional settings (García-Sánchez et al., 2021). Since gender diversity in Malaysian companies is still evolving, especially with the introduction of the MCCG, it is possible that its full impact on tax transparency has not yet materialized. In addition, female directors, although enhancing better ethical standards, might take longer to affect the tax disclosure culture in an organization, as indicated by Vacca et al. (2020).

Unlike gender diversity, the study concluded that compliance with governance measures (MCCG and TCGF) significantly influenced the tax disclosure positively. Firms that adhered to these frameworks demonstrated a better constitution of detailed and transparent tax disclosures, as seen in the past studies suggesting that governance frameworks are the key to enhancing corporate transparency. This is consistent with

Lanis and Richardson (2011) which stated that those companies with high corporate governance framework were likely to exhibit better tax reporting transparency.

Gender diversity and board size or independence did not result in significant effects on tax disclosure. However, the positive correlation between gender diversity and MCGG and TCGF compliance was established that, the boards that have good tax governance structure and gender-diversity in their membership are in larger likelihood to be transparent about their tax regime. These findings are similar to previous studies which had depicted that gender diversity has added value in corporate transparency (Elouaer et al., 2022). Nevertheless, they also highlight the significance of the regulatory frameworks like MCGG and TCGF that will assist in converting gender diversity into the real advantages of better tax reporting. It is particularly important in this interaction that it is reinforced by establishing a governance environment that will promote not only diversity, but also, the adoption of clear, transparent practices like tax exposure. This significant finding proves the claim by Gilligan (1982) that female leaders are prone to support transparency and being ethical.

Overall, this study offers important explorations that governance frameworks such as MCGG and TCGF affect tax disclosure practices. It points to how these frameworks are relevant to encourage transparency and the potential of future research to address further factors, including industry or national tax laws, to come a closer understanding of the determinants of tax transparency.

### **6.3 Theoretical and Practical Contribution**

Theoretically, this study can help fill in a gap in the literature on corporate governance and gender diversity in that it directly connects gender-diverse boards and

tax disclosure. Even though the majority of literature has been devoted to the effects of gender diversity on overall corporate performance, the board dynamics, and CSR, little research has been done regarding its direct effect on tax transparency. This gap is aimed to be filled in the study and can serve as an exclusive understanding of the influence of gender-diverse board on tax transparency and can be relevant to the discussion of further impact of diversity of the corporate governance that could affect ethical decision-making and transparency (Adams & Ferreira, 2009; Elouaer et al., 2022). Further, this study also presents the idea of interaction effects in that the association between gender diversity and tax disclosure is not stand alone, but is impacted by other determinants, which in this case is the adherence to governance guidelines, like MCGG and TCGF. This introduces an additional level of complexity to the concept of tax governance, which emphasizes the role of the institution in enabling positive implications of gender diversity.

On the practical side, the study highlights the importance of TCGF compliance in encouraging tax transparency. These findings are valuable for regulators and policymakers in Malaysia and other emerging markets, as they underscore that board gender diversity especially companies that follow models of governance like MCGG and TCGF will tend towards transparency in tax reporting. For corporate leaders, the study emphasizes the importance of promoting gender diversity and aligning corporate practices with regulatory frameworks to improve tax governance and strengthen corporate reputations. Regulatory bodies can potentially increase compliance with MCGG and TCGF by creating incentives that could motivate the companies to improve taxes reporting and follow ethical tax policies.

## 6.4 Limitations of the Study

Despite its contribution to the study, some limitations need to be observed in the study. The first limitation of the study is its dependence on the cross-sectional study with data obtained in 2024, which excludes the possibility of measuring long-term effects or trends. A longitudinal study might shed more light regarding the way in which the relation between gender diversity and tax disclosure develops as time passes. Second, the study focuses only on the in Malaysian PLCs and thus it is not applicable to other countries or markets. The relationship linking gender diversity and tax disclosure may vary in other places as there are several ways through which the disparity can be attributed to variation in the structure of corporate governance and regulatory environments, as well as culture. This can be extended to comparative research between different countries in regard to their maturity in regard to corporate governance which could help in streamlining the nature of generalizability of findings.

Also, this study had a smaller sample size due to time constraints. Although a sample of 55 companies can be useful in gaining some insights, it is not enough to cover the different variety of practices when all sectors and forms of Malaysian PLCs are considered. The study with a larger sample size would have had a more representative picture of the whole population, which would have minimized the prospects of sampling bias, and also raised the possibility of generalizing the results. Lastly, the study concentrated on critical areas of corporate governance, although other variables associated with encouraging executive compensation, CSR activities, and company culture can determine the disclosure of taxes. These variables may also be included in future research to indicate further information on different drivers of tax transparency.

## 6.5 Direction for Future Research

Future research can utilize the results of this study by performing a longitudinal study that will investigate the extent to which the relationship between gender diversity and tax disclosure will transform over time. Utilization of longitudinal research would facilitate the researcher to track the dynamic effects of tax reporting practices and chief governing system within a period covering several years, a period that will provide further understanding towards realizing the fact that the findings regarding the impacts of gender diversity on tax transparency will hold in the long-run or otherwise. Studies can also be employed in exposing the potential lag effects since the effects of gender-diverse boards on tax disclosure can be experienced within a long-term perspective.

In addition, future research could benefit from cross-country comparisons, particularly in countries with varying regulatory environments and corporate governance norms. This would help in determining whether the difference between the gender diversity and tax transparency is generalizable and whether it is consistent across various national settings. By researching several countries with distinct forms of governments and legislation systems, a study would allow a more detailed look into the impact of gender diversity in world-tax reporting by companies. It may also have a way of pointing out the influence of the cultural and regulatory elements in defining both the tax transparency practices within regions.

Furthermore, future research would benefit from the use of a larger sample size. The relatively small sample size of this study limits the possibilities to track more subtle effects and decrease the generalizability. The larger sample size would provide greater statistical force to analysis, enable the researchers to generate more steady conclusions and depose greater legitimacy to the findings. To improve the

representativeness of the results, the sample could also be widened, so that the results may be more representative of the wider spectrum of the companies, sectors and the practices of governance.

Lastly, further research should target individual industries and give a more comprehensive understanding of the effect that gender diversity has on tax disclosure by industry. Certain industries like that of financial services or technology have their specific tax issues and might be scrutinized in tax reporting to a particular degree. An industry specific analysis would also enable a better confirmation about the consistency of the contribution of gender diversity to tax disclosure across industries. Also, the dynamics in the industries with high regulatory pressure or levels of visibility may be varied to increase or decrease the effectiveness of gender-diverse boards in relation to tax transparency.

## **6.6 Conclusion**

In summary, the study has contributed a lot in obtaining favorable data concerning the effectiveness of gender diversity in terms of enhancing the practice of tax disclosure in Malaysian PLCs. The goals were centered on studying the role of gender diversity of the boards concerning the enhanced tax transparency, which is a considerable concern to follow since the CSR and taxation practice attracted greater publicity and focuses. It also investigates whether other factors of governance such as the size of the board, independence of the board, profitability and compliance to government frameworks such as MCCG and TCGF had any effects on tax disclosure.

The results indicate that even though gender diversity on its own lacked a statistically significant direct relationship with tax transparency, it portrayed

significant interactions when introduced together with corporate governance mechanisms, including MCCG and TCGF. The nature of these interactions implies that more diversity in the gender of boards, especially where the companies follow such frameworks, would increase the likelihood of disclosures of detailed tax information, which would result in an increased commitment on their part to tax disclosure and integrity.

The fact that gender diversity and tax disclosures are not directly related contradicts all previous findings that female directors encourage more ethical decision-making and disclosure (Carter et al., 2003; Adams & Ferreira, 2009) since no significant linkage between gender diversity and tax disclosure was found. A potential absence of a direct impact could be connected to the fact that the female representation on corporate boards in Malaysia is not as large, and the study found out that the diversity of the board is significant, and many companies do not adhere to the 30% gender diversity objective developed by MCCG (Securities Commission of Malaysia, 2021).

Although gender diversity, board size, and board independence were not directly associated with tax disclosure, the study highlights that formal governance framework, such as MCCG and TCGF, are leading factors that result in tax transparency in Malaysia. These frameworks provide clear guidelines on the conduct of the corporations as well as their reporting on taxes enhancing their essentiality in facilitating transparency efforts.

The study is also subject to limitation despite the relevancy of findings. The study is conducted on a cross-sectional basis with the use of only one year of data (2024) which limits the possibilities to visualize the long-term trends or alterations in

corporate governance and tax reporting. Also, in that it is more oriented to Malaysian PLCs, it is possible that the findings may not be transferable in other countries where the regulatory system is different. In addition, some other matters such as executives' compensation and CSR may contribute to tax disclosure but were not discussed in this study. This study had a smaller sample size due to time constraints. These limitations indicate the gaps that required longitudinal studies, cross-country comparisons and consideration of other factors of governance in future research to provide a comprehensive insight into the dynamics that tend to shape tax transparency.

Furthermore, this study offers a valuable contribution to the ongoing debate surrounding the gender-diversity-tax transparency nexus by emphasizing that board gender diversity, particularly in regulated environments, can play an essential role in enhancing tax disclosures. As gender diversity continues to gain traction in corporate governance policies, this study highlights the need for complementary regulatory frameworks to fully realize the potential of diverse boards in driving ethical tax practices. The results present important information to policymakers, regulators, and corporate executives interested in promoting tax reporting and corporate accountability in Malaysia, as well as guidance to future researchers with an interest in the importance of governance in the area of tax transparency.

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## APPENDICES

### Appendix 1: Classification Of Public Listed Companies in The Main Market

Sector	Sub-Sector	Definition
Construction		Companies engaged in the construction of commercial and residential buildings, infrastructure such as railways, highways, roads and providers of building construction-related services such as architects, interior design.
Consumer Products & Services	Agricultural Products	Companies that raise livestock and operate fisheries. Includes manufacturers of livestock feeds.
	Automotive	Companies that produce and distribute passenger automobiles.
	Consumer Services	Businesses not covered in the other prescribed sub-sectors under Consumer Products & Services.
	Food/Beverages	Food or beverages producers including packaged foods, dairy products, brewers, soft drinks.
	Household Goods	Manufacturers and distributors of household products including furniture, kitchenware, consumer electronics.
	Personal Goods	Manufacturers and distributors of personal products including textiles, apparel, footwear, jewellery, timepieces, accessories, cosmetics, personal care, tobacco.
	Retailers	Owners and operators of retail stores including direct marketing.
	Travel, Leisure & Hospitality	Companies providing travel and tourism related services including airlines, gambling, hotels, restaurants, and recreational services.
Energy	Energy Infrastructure, Equipment & Services	Suppliers of equipment and services to oil and gas producers such as drilling, exploration, platform construction.
	Oil & Gas Producers	Companies engaged in the exploration and production of oil and gas.
	Other Energy Resources	Companies that produce alternative energy including alternative fuels.
	Renewable Energy	Companies that provide equipment and services involved in producing renewable energy.
Healthcare	Healthcare Equipment & Services	Manufacturers and distributors of healthcare equipment and providers of healthcare services including lab testing services, dialysis centers.

Sector	Sub-Sector	Definition
Industrial Products & Services	Healthcare Providers	Owners and operators of healthcare facilities including hospitals, clinics, nursing homes, rehabilitation centers.
	Pharmaceuticals	Companies engaged in the research, development, production or distribution of pharmaceuticals.
	Auto Parts	Manufacturers and distributors of parts and accessories for automobiles and motorcycles such as tires, batteries, engines.
	Building Materials	Manufacturers and wholesalers of building materials including cement, concrete, tiles, and paint.
	Chemicals	Companies that primarily produce and distribute chemicals for industry use. Includes plastics and rubber in their raw form or molded plastic products, polymers, adhesives, dyes, coatings and other chemicals for specialized applications.
	Diversified Industrials	Diversified companies with business activities in three or more sectors of which none contributes substantial revenue.
	Industrial Engineering	Manufacturers and distributors of heavy machinery and engineering equipment.
	Industrial Materials, Components & Equipment	Manufacturers and distributors of industrial machinery and components such as machine tools, castings, molding equipment, presses, compressors, elevators, and escalators.
	Industrial Services	Businesses not covered in the other prescribed sub-sectors under industrial products & services.
	Metals	Producers and traders of metals and metal products such as iron, aluminum, and steel.
Plantation	Packaging Materials	Manufacturers and distributors of paper, containers, cardboard, bags, boxes, and cans used for packaging.
	Wood and Wood Products	Manufacturers and distributors of timber and related wood products.
Property		Companies engaged in the cultivation, planting, and/or replanting of crops.
Technology		Companies that invest in real estate through development, investment, and ownership including real estate service providers such as brokers, agencies, leasing companies, management companies, and advisory services.
	Digital Services	Companies providing internet-related services such as internet access providers, search engines, and providers of website design, web hosting, and e-mail services including companies that provide solutions

Sector	Sub-Sector	Definition
Telecommunications & Media		and platforms for e-commerce or electronic payments.
	Semiconductors	Companies engaged in the manufacturing and distribution of semiconductors and semiconductor equipment.
	Software	Companies engaged in developing and producing software designed for specialized applications such as systems software, enterprise and technical software, mobile applications.
	Technology Equipment	Manufacturers and distributors of technology hardware and equipment such as computers, servers, mainframes, workstations and related peripherals such as mass-storage drives, motherboards, monitors, keyboards, printers, and smartcards.
	Media	Companies providing advertising, public relations, and marketing services includes producers, operators, and broadcasters of radio, television, music, and filmed entertainment, publishers of information via printed or electronic media.
	Telecommunications Equipment	Producers and distributors of telecommunication equipment such as satellites, LANs, WANs, routers, mobile phones, fiber optics, and teleconferencing equipment.
Transportation & Logistics	Telecommunications Service Providers	Providers of mobile and fixed-line telecommunication networks and satellite and wireless data communication solutions and related services.
	Transportation & Logistics Services	Companies providing transportation services including companies that manage airports, train depots, ports, and providers of courier and logistics services.
	Transportation Equipment	Manufacturers and distributors of transportation equipment including shipbuilding.
Utilities	Electricity	Companies that produce or distribute electricity.
	Gas, Water & Multi-Utilities	Companies providing water or distributing gas to end-users or utility companies with significant presence in more than one utility.
	Renewable Energy Electricity	Companies that produce or distribute electricity through a renewable energy source.

Source: Bursa Malaysia

## Appendix 2: List of selected PLCs

Company Name	Sector
Bina Puri Holdings Bhd	Construction
Gamuda Berhad	Construction
WCT Holdings Berhad	Construction
Sunway Construction Group Bhd	Construction
IJM Corporation Berhad	Construction
Genting Berhad	Consumer Products & Services
DRB-HICOM Berhad	Consumer Products & Services
99 Speed Mart Retail Holdings Bhd	Consumer Products & Services
Nestlé (Malaysia) Berhad	Consumer Products & Services
Tek Seng Holdings Berhad	Consumer Products & Services
Solarvest Holdings Berhad	Energy
NuEnergy Holdings Berhad	Energy
Dayang Enterprise Holdings Bhd	Energy
Dialog Group Berhad	Energy
BM GreenTech Berhad	Energy
KPJ Healthcare Berhad	Health Care
Top Glove Corporation Berhad	Health Care
Pharmaniaga Berhad	Health Care
Metro Healthcare Berhad	Health Care
Careplus Group Berhad	Health Care
Sunway Berhad	Industrial Products & Services
Evergreen Fibreboard Berhad	Industrial Products & Services
Winstar Capital Berhad	Industrial Products & Services
Tien Wah Press Holdings Berhad	Industrial Products & Services
Ajiya Berhad	Industrial Products & Services
IOI Corporation Berhad	Plantation
Rimbunan Sawit Berhad	Plantation
Pinehill Pacific Berhad	Plantation
FGV Holdings Berhad	Plantation
United Plantations Berhad	Plantation
Sime Darby Property Berhad	Property
S P Setia Berhad	Property
Sentoria Group Berhad	Property
Eco World Development Group Berhad	Property
KSL Holdings Berhad	Property
Pentamaster Corporation Berhad	Technology
VSTECs Berhad	Technology
Malaysian Pacific Industries Berhad	Technology
AutoCount Dotcom Berhad	Technology
ITMAX System Berhad	Technology
Axiata Group Berhad	Telecommunications & Media

Company Name	Sector
Media Prima Berhad	Telecommunications & Media
Silver Ridge Holdings Bhd (SRHB)	Telecommunications & Media
Astro Malaysia Holdings Berhad	Telecommunications & Media
Maxis Berhad	Telecommunications & Media
Suria Capital Holdings Berhad	Transportation & Logistics
GDEX Berhad	Transportation & Logistics
Pos Malaysia Berhad	Transportation & Logistics
MISC Berhad	Transportation & Logistics
Sealink International Berhad	Transportation & Logistics
Tenaga Nasional Berhad (TNB)	Utilities
PBA Holdings Bhd	Utilities
YTL Power International Berhad	Utilities
Malakoff Corporation Berhad	Utilities
Gas Malaysia Berhad	Utilities

