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Corporate Governance and Tax Avoidance: A Systematic Review of Economic Implications and Influencing Factors

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Abstract:

This study aims to present a systematic literature review (SLR) on the relationship between corporate governance and tax avoidance practices. Using a systematic approach, this research analyzed 45 peer-reviewed articles published between 2016 and 2024. The review focused on three primary aspects: (1) the research methodologies employed in previous studies; (2) the indicators or proxies used to measure both corporate governance and tax avoidance; and (3) the differences in findings between developed and developing countries. The findings reveal that corporate governance plays a significant role in moderating tax avoidance behavior; however, the effectiveness of governance mechanisms varies depending on institutional quality, regulatory enforcement, and ownership structures. Quantitative approaches dominate the methodological landscape, while qualitative and mixed-methods studies are emerging to explore ethical and contextual dimensions. Common governance proxies include board independence, audit committee effectiveness, and institutional ownership, while tax avoidance is primarily measured using ETR, CETR, and BTD. Studies conducted in developed countries consistently report that strong governance reduces tax avoidance, whereas in developing countries, governance effectiveness is often constrained by weak enforcement and limited market pressures. These findings provide important insights for scholars, regulators, and policymakers in strengthening adaptive governance frameworks in response to global tax challenges.

Keywords: *Corporate Governance; Tax Avoidance; Systematic Literature Review; Institutional Ownership; Audit Committee Country Differences*

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1. Introduction

The digitalization of the economy further complicates these challenges. A McKinsey study (2022) revealed that more than 65% of digital-based companies are able to shift profits without a substantial physical presence in the host country, thereby avoiding taxes legally but unethically. In Asia Pacific, PwC (2022) reported that 74% of CEOs acknowledged the increasing pressure to improve the transparency of their tax practices, in response to international regulatory changes such as the OECD/G20 Inclusive Framework on BEPS and the implementation of *Global Minimum Tax* . This

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pressure comes not only from regulators, but also from stakeholders such as investors, customers, and the general public who are increasingly demanding companies to conduct business with Environmental, Social, and Governance (ESG) principles.

In this context, corporate governance *plays* a crucial role as an internal control mechanism that directs managerial behavior towards legal and ethical compliance. Effective corporate governance aims to balance the interests of owners, managers, and other stakeholders, and prevent opportunistic behavior that could harm the long-term interests of the company. The structure of the board of commissioners, the existence of an audit committee, institutional ownership, gender diversity on the board, and the quality of external audits have been identified in various studies as factors that have the potential to influence the level of corporate tax avoidance (Aliani & Zarai, 2022; Hoseini & Rahmani, 2022; Lanis & Richardson, 2018).

Empirical phenomena support the importance of governance in controlling tax avoidance. Lisic et al.'s (2019) study shows that debt-based managerial incentives exacerbate the tendency to avoid tax when board supervision is weak. In Indonesia, Trisnawati and Setiawan's (2019) study found that companies with independent audit committees were less likely to engage in tax avoidance. The Directorate General of Taxes' annual report (2021) also noted that the lack of internal supervision in companies contributed to high levels of tax avoidance through transfer pricing manipulation and the use of tax havens. Although various evidences support the importance of corporate governance, the results of research on the relationship between governance and tax avoidance are not entirely consistent. Most studies in developed countries such as the United States, the United Kingdom, and Australia found a significant negative relationship between governance quality and tax avoidance (Hoi et al., 2018; Kim et al., 2020; Yoon et al., 2020). However, studies in developing countries such as Vietnam (Nguyen et al., 2020) and Indonesia (Amrizal et al., 2021) show that even though formal governance structures have been adopted, weak legal enforcement makes the influence of governance on tax practices insignificant. In addition, studies also show that contextual factors such as corporate culture, market pressures, and the quality of fiscal regulations can moderate this relationship (Hanlon & Heitzman, 2017; Christensen et al., 2020).

Additional challenges arise from the transformation of the global business landscape. KPMG (2021) report shows that the trend of digitalization, globalization of supply chains, and adoption of blockchain technology increase the challenges for traditional governance mechanisms in controlling tax avoidance practices. The World Bank (2020) study emphasizes the importance of adapting modern governance that is able to respond to these new risks, including the increased use of data analytics in tax audits and supervision. In the academic literature, there is a clear gap regarding a comprehensive understanding of governance factors that influence tax avoidance. Many previous studies focus on only one or two aspects of governance without considering the complex interactions between factors. For example, few studies simultaneously analyze the relationship between institutional ownership, board diversity, and audit committee effectiveness in influencing tax avoidance (Desai &

Dharmapala, 2017; Blaylock, Shevlin, & Wilson, 2019). In addition, comparative studies between developed and developing countries are still limited, even though the institutional context greatly determines the effectiveness of governance mechanisms (Zeng, Xu, & Chen, 2022). Based on these gaps, this study aims to answer several main questions, namely:

1. What methodologies are used in studies that examine the relationship between corporate governance and tax avoidance?
2. What are the indicators or measures used to measure corporate governance and tax avoidance in the existing literature?
3. Are there any differences in results between studies in developed and developing countries in the context of the relationship between corporate governance and tax avoidance?

This study uses the Systematic Literature Review (SLR) approach to synthesize previous research results systematically, methodologically, and objectively. The SLR approach was chosen because it is able to identify patterns, trends, and research gaps with more transparent and replicable methods (Tranfield et al., 2003; Siddaway, Wood, & Hedges, 2019). With a literature coverage of 2015–2024, this study is expected to provide a comprehensive picture of the relationship between governance and tax avoidance, as well as the contextual factors that influence it. In addition, this study is expected to provide practical contributions for regulators, practitioners, and policy makers in designing more effective governance strategies to encourage corporate tax compliance. This study also compares the findings between countries such as the United States, the United Kingdom, Australia, Indonesia, China, India, and Brazil to evaluate how regulatory systems, corporate culture, and market pressures moderate the relationship between governance and tax avoidance. With a systematic and evidence-based approach, this study not only enriches the academic literature on corporate governance and taxation, but also provides data-based recommendations for fiscal policy reform in the current era of economic globalization and digitalization.

2. Theoretical Background

Corporate ***Governance Concept***

Corporate governance is a fundamental concept in modern business practice, focusing on the structures and mechanisms that govern the relationships between shareholders, the board of directors, management and other stakeholders. OECD (2017) defines corporate governance as a set of relationships between a company's management, board, shareholders and other stakeholders that provide a framework for setting corporate objectives, determining the means to achieve those objectives and monitoring performance. Tricker (2019) emphasizes that corporate governance is not just about internal control, but also about public accountability, information disclosure and the protection of stakeholder rights. In this context, corporate governance aims not only to maximize shareholder value but also to consider the long-term interests of the entire society.

Corporate governance models differ across the world. The Anglo-Saxon model developed in the United States and the United Kingdom emphasizes the role of capital markets as the primary supervisor. Meanwhile, the German and Japanese models are more oriented towards the involvement of banks and financial institutions in corporate supervision (Clarke, 2020). In Asia, corporate governance is often hybrid, combining elements of markets and institutional relationships. The main pillars of modern corporate governance include transparency, accountability, responsibility, independence, and fairness. The OECD Principles of Corporate Governance (2017) emphasize the importance of protecting minority shareholder rights, accurate and timely disclosure of information, and the responsibility of the board to monitor and direct the company. In the academic literature, various theories are used to explain the importance of corporate governance.

- **Agency Theory** (Jensen & Meckling, 1976) stated that the conflict of interest between the owner (principal) and the manager (agent) can result in opportunistic behavior that is detrimental to shareholders. Governance functions to reduce this conflict by establishing an appropriate monitoring and incentive system.
- **Stewardship Theory** (Davis et al., 1997) argue that managers act as stewards of the interests of the company and shareholders, so that the governance structure must support collaboration, not just control.
- **Resource Dependence Theory** (Pfeffer & Salancik, 2003) highlighted that board members provide access to important external resources, including capital, business networks, and social legitimacy.
- **Legitimacy Theory** explains that corporate governance is needed to maintain the company's legitimacy in the eyes of the public, especially in sensitive issues such as tax practices (Sikka, 2018).

Thus, corporate governance serves as a formal and informal mechanism to ensure that companies operate with high ethical standards, transparency, and are accountable for their impact on society at large. Several studies have shown that the strength of corporate governance is highly dependent on the internal structure and external context of the company. Armstrong et al. (2015) found that companies with strong independent boards and effective audit committee systems exhibit lower levels of earnings manipulation and tax avoidance. On the other hand, when financial markets and legal enforcement are weak, formal governance structures alone are not enough to control opportunistic management behavior (Claessens & Yurtoglu, 2017; Wahab et al., 2017). Recent developments show that corporate governance must now also consider sustainability and Environmental, Social, and Governance (ESG) factors. According to a KPMG report (2021), companies that integrate ESG principles into their governance tend to have better reputations and lower tax risks, in line with global investor and regulatory pressures to increase transparency and accountability. Therefore, in the context of today's global business world, corporate governance is no longer just about meeting shareholder interests, but also about creating sustainable long-term value, maintaining fiscal integrity, and maintaining the company's social legitimacy.

Tax Avoidance Concept

Tax avoidance is one of the most complex and controversial issues in modern tax studies. In general, tax avoidance is defined as a strategy used by taxpayers to legally minimize their tax burden, by exploiting loopholes or imperfections in the tax law system (OECD, 2020). Unlike tax evasion, which involves direct violation of the law, tax avoidance remains within the bounds of legality, although it is often considered to violate the spirit of fiscal justice. According to Hanlon and Heitzman (2017), tax avoidance encompasses a range of behaviors from simple conservative tax planning to the use of complex transaction structures to significantly reduce tax liabilities. The IRS (2019) states that aggressive tax avoidance strategies can undermine public confidence in the integrity of the tax system and widen social inequality.

Common tax avoidance techniques include transfer pricing, where multinational companies set internal prices for goods or services between subsidiaries in different countries to shift profits to lower-tax jurisdictions (Nguyen et al., 2020). Other techniques include treaty shopping, the use of entities in tax havens, debt arbitrage, cross-time revenue recognition, and the use of hybrid entity structures (OECD, 2022; Zucman, 2019). The impact of tax avoidance is extensive. According to an IMF report (2021), tax avoidance practices by multinational companies can reduce the national tax base by 5% to 10% of Gross Domestic Product (GDP) in developing countries. Sikka's study (2018) warns that tax avoidance is not only a fiscal issue, but also an ethical and moral issue, as companies that avoid taxes aggressively shift the burden of public financing to small businesses and individuals. In the corporate context, the main motivation for tax avoidance is to increase after-tax profits and increase the value of the company. Kim et al. (2020) show that companies with high pressure from the capital market tend to adopt more aggressive tax avoidance strategies to meet profit targets and maintain stock prices. However, McKinsey (2022) reminds us that in the ESG (Environmental, Social, and Governance) era, aggressive tax strategies can damage a company's reputation and worsen relations with investors who are increasingly demanding fiscal transparency.

The ethics of tax avoidance has become an important topic of discussion in recent literature. Wilde and Wilson (2018) argue that although tax avoidance may be legally valid, companies still face moral pressure to pay their “fair share” in supporting the social functions of the state. The concept of tax morality is becoming increasingly important amidst increasing public awareness of the role of corporations in social welfare. Large multinational companies such as Amazon, Google, and Apple have been in the spotlight for their complex yet legal tax structures. Prebble and Prebble’s (2019) study suggests that the use of creative tax structures, while legitimate, can undermine stakeholder trust and encourage stricter regulatory intervention. Within the framework of economic theory, tax optimization theory argues that companies will try to maximize profits by choosing the optimal combination of tax avoidance, audit risk, and reputational costs (Desai & Dharmapala, 2017). Therefore, the decision to engage in tax avoidance is not only influenced by the legal framework, but also by the perception of reputational and social risks. By considering all these factors, tax avoidance is no longer just a legal technical issue, but has become a strategic issue that is closely related to corporate governance, corporate reputation, and social legitimacy. In a world that increasingly demands accountability and transparency, companies are faced with the challenge of balancing their tax strategies with public expectations and global ethical standards.

3. Methodology

This research uses an approach *Systematic Literature Review* (SLR) to analyze and synthesize 45 scientific articles that explicitly discuss the relationship between corporate governance factors and tax avoidance practices . The SLR method was chosen because it is able to present a comprehensive, transparent, and systematic research approach in identifying patterns, trends, and research gaps in a particular field. In this context, SLR is used to explore a deeper understanding of how various elements in corporate governance such as ownership structure, characteristics of the board of directors, effectiveness of internal and external audits, and monitoring mechanisms contribute to the level of tax avoidance carried out by companies. The data sources in this study were obtained from internationally indexed and highly reputable academic journals, such as Scopus, Web of Science, Google Scholar, ScienceDirect, and SpringerLink. The selection of articles was limited to the period 2016 to 2024 to ensure that the analysis only includes the latest research that reflects the latest dynamics in global governance and taxation practices. The literature reviewed includes studies from developed countries (such as the United States, United Kingdom, Australia, South Korea) and developing countries (such as Indonesia, China, Brazil, India), to provide a cross-jurisdictional comparative perspective on the effectiveness of corporate governance in limiting tax avoidance.

The search strategy was carried out systematically using predetermined keywords that were relevant to the topic, such as " *corporate governance", "tax avoidance", "board structure", "ownership concentration", "audit committee", and "tax planning"* . Articles were screened through a multi-level selection process, starting with the evaluation of the title and abstract, followed by a full-text review based on the formulated inclusion and exclusion criteria. The studies selected were empirical studies, using either quantitative, qualitative, or mixed-methods approaches, with methodological clarity and strong relevance to the focus of this study. Data analysis techniques are carried out through an approach *content analysis* to identify dominant themes and patterns in the literature, and *descriptive synthesis* to group study results based on similarities in methodology, theory, and main findings. The validity and reliability of the research are maintained by applying *cross-checking* between researchers regarding data extraction results, triangulation between literature sources, and the process *peer review* internal to the structure and logic of the synthesis of results. This approach allows the research not only to explain the current state of the literature, but also to formulate theoretical and practical implications and to develop a roadmap for further research that is more focused and academically relevant.

SLR protocol explanation This research uses an approach *Systematic Literature Review* (SLR) to comprehensively examine the relationship between corporate governance and tax avoidance practices *,* focusing on structural factors and corporate oversight mechanisms that influence tax avoidance behavior. The SLR approach was chosen because it is able to systematically identify, evaluate, and synthesize literature to formulate in-depth understanding, find patterns of findings, and reveal gaps in previous research (Tranfield et al., 2003). The SLR protocol used in this study was developed in detail and systematically to ensure process traceability, methodological consistency, and validity of the analysis results. This study begins by formulating three main research questions that form the basis of the SLR design. First, what methodologies are used in studies that discuss the relationship between corporate governance and tax avoidance? Second, what indicators and measures are used to measure the two concepts in various studies? Third, are there differences in results between studies in developed and developing countries in this context? These questions are designed to answer not only the relationships between variables, but also the geographical, methodological, and theoretical contexts that underlie the results of previous studies.

Literature sources are obtained from credible professional and academic journals that have been indexed in international databases such as Scopus, Web of Science, SSRN, ScienceDirect, SpringerLink, Emerald, ProQuest, and reputable web publications. The focus of the article is aimed at relevant empirical studies in the fields of accounting, finance, and corporate governance, considering the theoretical relevance and empirical contribution to the understanding of the relationship between governance and tax avoidance. The studies used involve quantitative, qualitative, and *mixed methods* .

The literature covered in this study was selected in the period 2016 to 2024, to reflect the latest dynamics in the development of tax practices, governance regulations, and the implementation of ESG governance globally. Substantial focus is given to the manufacturing sector, both in developing countries such as Indonesia, China, India, and Brazil, as well as in developed countries such as the United States, the United Kingdom, and Australia, to compare the jurisdictional context, regulatory pressures, and corporate culture in influencing the relationship between governance and tax avoidance. This approach reflects the framework *impact* from this study, namely revealing the influence of institutional background, legal system, and fiscal incentives on the effectiveness of governance in controlling tax avoidance. In the methodological framework *,* this SLR focuses on studies that explicitly examine governance variables such as board independence, institutional ownership, ownership concentration, audit committee effectiveness, and external audit quality, and how these variables affect tax avoidance indicators such as effective tax rate (ETR), book-tax differences (BTD), and cash ETR. The literature search process was conducted using a systematic keyword-based strategy developed from the main topic and derived terms, using Boolean operators and advanced search techniques on various database platforms. The article selection procedure includes four stages: identification, initial screening through abstracts and titles, evaluation of the eligibility of full articles based on inclusion-exclusion criteria, and the final stage of inclusion for further analysis.

The reliability of this SLR is guaranteed by the application of techniques *coder triangulation* , which is the involvement of two independent assessors in the data extraction and coding process for each selected article. Internal validity is obtained by selecting articles that use strong methodology and meet strict selection criteria, including clarity of operational definitions of variables and control for confounding variables such as company size, leverage, and industry. External validity is strengthened through the generalization of review results to the geographic context, industry sector, and time period of the study. The assessment also considers national tax regulation and culture factors as mediating variables that influence the relationship between governance and tax avoidance. Data analysis was carried out by combining approaches *content analysis* And *descriptive synthesis* . Articles that passed the selection were extracted and grouped based on similarities in theory, analysis methods, variable measures, and findings. In addition, this study compiled a study mapping based on codes: analysis techniques, country contexts, variable measures, and methodological approaches, in order to facilitate the evaluation of trends and differences in results between studies. Additional focus was given to the "research focus" code, namely how the studies specifically examine tax avoidance strategies in family and non-family firms, and the extent to which ownership structure, transparency, and audit functions play a role in encouraging or suppressing tax avoidance.

This study also conveys *insight* And *criticism* to the literature analyzed. One of them is the inconsistency of results between studies that can be caused by differences in methodological design, the dominance of studies from certain countries, limited secondary data, and variations in tax avoidance measurement techniques. These factors reinforce the need for further studies that use cross-country and cross-industry sector approaches with stronger context control. Finally, the results of this SLR protocol show that corporate governance mechanisms do play an important role in suppressing tax avoidance. However, the variation in results between studies caused by differences in regulations, organizational culture, and methodology emphasizes the importance of conducting further research with more consistent and explicit designs. This study, through a rigorous protocol structure, provides a solid foundation for developing governance theory in the context of tax avoidance and supports the formulation of evidence-based fiscal policies across jurisdictions.

4. Empirical Findings/Result

Table 1. Journal and Article Sources

No	Author and Year	Article Source	Country	Governance Factors	Influence on tax avoidance
1	Nazari et al. (2016)	Scopus (Taylor & Franc	Uganda	Intellectual Capital	Not Significant
2	Wang (2017)	Scopus (Emerald)	Taiwan	Independence of the Board	Positive
3	Silverman (2017)	SINTA 1	International	Company Reputation	negative

No	Author and Year	Article Source	Country	Governance Factors	Influence on tax avoidance
4	Gavana et al. (2017)	Scopus (Web of Science)	Italy	Family Control	negative
5	Hu & Loh (2018)	SINTA 2	Singapore	Independence of the Board	Positive
6	Bae et al. (2018)	Scopus (Taylor & Franc	South Asia	Foreign Ownership	Positive
7	Karaman et al.(2018)	Scopus (MDPI)	Global	Intellectual Capital	negative
8	Mahmood et al.(2018)	Scopus (Springer)	Pakistan	CSR Committee	negative
9	Johnson & Miller (2019)	Scopus (Elsevier)	USA	CSR Committee	negative
10	Liang et al. (2019)	Web of Science (Springe	China	Independence of the Board	Not Significant
11	Son & Santoso (2019)	Scopus (MDPI)	Indonesia	audit committee	Positive
12	Zhang et al. (2019)	Scopus (Elsevier)	Global	gender diversity	negative
13	Smith et al.(2019)	Scopus (MDPI)	UK	CEO of Duality	Positive
14	Schmidt & Weber (2019)	Web of Science (Springe	Germany	Foreign Ownership	Not Significant
15	Argento et al. (2019)	Scopus (Emerald)	Sweden	Gender diversity	negative
16	Dissanayake et al. (2019)	Scopus (Emerald)	Nigeria	Board of Directors	Positive
17	Adel et al. (2019)	Scopus (Taylor & Franc	GCC	Audit Committee	negative
18	Santoso & Wijaya (2019)	Scopus (MDPI)	Indonesia	Foreign Ownership	negative
19	Oncioiu et al.(2020)	Scopus (Emerald)	Romania	Gender Diversity	Not Significant
20	Lui et al. (2020)	Scopus (Elsevier)	Europe	Director Ownership	Positive
21	Kholis et al. (2020)	Scopus (Taylor & Franc	Indonesia	Audit Committee	Not Significant
22	Pham et al. (2020)	Scopus (MDPI)	Vietnamese	Family Ownership	Positive
23	Princess & Rahman (2020)	SINTA 1	Indonesia	Foreign Ownership	Not Significant

No	Author and Year	Article Source	Country	Governance Factors	Influence on tax avoidance
24	Sekarlangit et al. (2021)	Scopus (Web of Science)	ASEAN	CSR Committee	Not Significant
25	Thayaraj & Karunarathne (2021)	Scopus (Elsevier)	Sri Lanka	profitability	negative
26	Cicchiello et al. (2021)	Scopus (Springer)	Asia & Africa	characteristics of the committee	Not Significant
27	Bananuka et al. (2022)	SINTA 1	Uganda	Intellectual Capital	Positive
28	Meutia et al. (2022)	Scopus (MDPI)	Indonesia	sustainability strateg	Not Significant
29	Erin et al. (2022)	Scopus (Springer)	Nigeria	gender diversity	Positive
30	Ain et al. (2022)	Scopus (Emerald)	China	CEO of Duality	negative
31	Hasan et al.(2022)	Scopus (Emerald)	Pakistan	Board of Directors	Not Significant
32	Girella et al. (2022)	Web of Science (Springe	Europe	CSR Committee	Not Significant
33	Kumar et al. (2022)	Scopus (Elsevier)	India	Government Owner	negative
34	Hassan et al. (2022)	Web of Science (MDPI)	English	Board Quality	Positive
35	Oliveira et al.(2022)	Scopus (Taylor & Franc	Uganda	Tax Sustainability	Not Significant
36	The Legend of Zelda (2023)	Scopus (Web of Science)	kenya	Tax Regulations	Positive
37	Sumarta et al. (2023)	Scopus (Taylor & Franc	Indonesia	Public Ownership	negative
38	Al-Qudah & Houcir (2024)	Scopus (Elsevier)	GCC	Profitability	Positive
39	Arkoh et al. (2024)	Scopus (Taylor & Franc	Global	Tax Regulations	Not Significant
40	Nuhu et al. (2024)	Scopus (Elsevier)	Sub-Saharan Afr	Sustainability Comr	Positive
41	Fahmi et al. (2024)	Web of Science (Springe	Saudi Arabia	Ownership Structure	negative

No	Author and Year	Article Source	Country	Governance Factors	Influence on tax avoidance
42	Blay et al. (2024)	Scopus (Taylor & Franc	Sub-Saharan Afr:	Characteristics of the committee	Positive
43	Ramírez-Escamilla et al.(2024)	Scopus (MDPI)	International Tex	Governance Variabi	Not Significant
44	Zarefar et al. (2024)	Scopus (Taylor & Franc	BRICS	Blockholder	Negative
45	Chung & Bayne (2024)	Web of Science (MDPI)	Hong Kong	Concentration Of Ownership	Negative

Table 1 Research results from 45 articles shows that corporate governance has three types of influence on tax avoidance , namely increase, decrease, or be insignificant . These factors depend on ownership structure, board of directors, tax regulations, and corporate characteristics. Some governance factors encourage tax avoidance , making companies more aggressive in avoiding taxes. Concentrated ownership and CEO duality , as found in studies Kumar et al. (2019) and Chung & Bayne (2024) , allow majority shareholders and CEOs who have full decision-making power to exploit tax loopholes. In addition, high profitability, as discussed in the research Silverman (2017) and Zarefar et al. (2024) , make companies more motivated to avoid taxes in order to maximize net income. On the other hand, some governance factors actually prevent tax avoidance, improve corporate tax compliance. Independence of the board and audit committee, as shown in the research Al-Shaer et al. (2022) and Lui et al. (2020) , play a role in ensuring transparency and reducing tax avoidance practices. In addition, gender diversity and foreign ownership , according to the study Erin et al. (2022) and Bae et al. (2018) , increase tax transparency and reduce corporate incentives to engage in tax avoidance. Furthermore, the study Wang (2017) and Blay et al. (2024) show that Countries with stricter tax regulations have lower levels of tax avoidance, due to tighter supervision and heavier sanctions for non-compliant companies. On the other hand, several governance factors does not have a significant influence on tax avoidance, meaning that the research results show an inconsistent relationship. CSR Committee and family ownership, as found in the study Girella et al. (2022) and Pham et al. (2020), have varying effects, depending on the tax regulations and business strategies of the companies. In addition, the research Ramírez-Escamilla et al. (2024) show that Intellectual capital in corporate management does not always affect tax compliance, because it is more influenced by external factors such as regulation and shareholder pressure.

Overall, 33% of studies found that governance increases tax avoidance, mainly because shareholder control and corporate profitability. 33% of studies show that governance reduces tax avoidance, through independent board, tax regulation, and gender diversity. Meanwhile, The other 33% of studies found no significant results , because the impact depended on state regulations and corporate business strategies. These results indicate that Tax avoidance is not only influenced by internal company policies, but also by external pressures such as government regulations, board oversight, and investor pressure. Strong transparency and governance can help curb tax avoidance practices across industries.

Table 2. Theories used

No	Theory	Explanation	Articles that Use the Theory
1	Agency Theory	Explains the conflict of interest between managers (agents) and shareholders (principals), where managers may take aggressive tax decisions for personal benefit.	Wang (2017); Hu & Loh (2018); Smith et al. (2019); Schmidt & Weber (2019); Hasan et al. (2022); Chung & Bayne (2024)
2	Behavioral Theory of the Firm	Corporate tax decisions are influenced by psychological and behavioral biases of management.	Cicchiello et al. (2021); Girella et al. (2022)
3	Contingency Theory	The effectiveness of governance mechanisms in reducing tax avoidance depends on internal and external environmental factors.	Pham et al. (2020)
4	Corporate Governance Theory	Emphasizes how governance structures and practices control tax avoidance behavior.	Kholis et al. (2020); Hassan et al. (2022)
5	Dynamic Capabilities Theory	Firms build adaptive capabilities to respond to changing tax policies and regulatory environments.	Thayaraj & Karunarathne (2021); Nuhu et al. (2024); Blay et al. (2024)
6	Ethical Decision-Making Theory	Tax-related decisions are shaped by the ethical standards and norms embedded in the organization.	Johnson & Miller (2019); Erin et al. (2022)
7	Institutional Theory	Organizations conform their tax practices to institutional pressures, societal norms, and regulatory expectations.	Oncioiu et al. (2020); Githaiga & Kosgei (2023); Arkoh et al. (2024)
8	Legitimacy Theory	Firms engage in tax behavior that aligns with societal expectations to maintain legitimacy and public trust.	Oncioiu et al. (2020); Githaiga & Kosgei (2023); Arkoh et al. (2024)
9	Political Cost Theory	Larger firms may avoid taxes to reduce visibility and scrutiny from regulators and politicians.	Silverman (2017); Kumar et al. (2022); Al-Qudah & Houcine (2024)
10	Prospect Theory	Tax decisions are based on how managers perceive potential risks and returns, especially under uncertainty.	Liang et al. (2019); Zhang et al. (2019)
11	Resource Dependence Theory	Firms engage in tax avoidance to manage and conserve limited strategic resources.	Meutia et al. (2022); Oliveira et al. (2022)
12	Signaling Theory	Companies use tax transparency or compliance as signals to influence	Gavana et al. (2017); Putra & Santoso (2019); Lui et

		investor perceptions and stakeholder trust.	al. (2020); Bananuka et al. (2022); Ram'rez-Escamilla et al. (2024)
13	Stakeholder Theory	Corporate tax behavior considers the interests and expectations of a broader group of stakeholders beyond shareholders.	Argento et al. (2019); Adel et al. (2019); Santoso & Wijaya (2019)
14	Tax Planning Theory	Tax planning is a legitimate strategy to minimize tax liabilities while staying within legal boundaries.	Nazari et al. (2016); Karaman et al. (2018); Dissanayake et al. (2019); Fahmi et al. (2024); Zarefar et al. (2024)
15	Upper Echelon Theory	Tax strategies are shaped by the demographic and psychological characteristics of top executives (e.g., CEO, board of directors).	Bae et al. (2018); Putri & Rahman (2020); Ain et al. (2022)

Based on the literature reviewed, the analyzed articles can be categorized according to the theoretical frameworks used to explore the relationship between corporate governance and tax avoidance. Agency Theory is the most widely applied, appearing in studies such as Wang (2017), Hu & Loh (2018), and Smith et al. (2019), among others. This theory highlights the conflict of interest between shareholders and management, where managers may engage in aggressive tax avoidance strategies to serve their own interests. Stakeholder Theory, as employed by Erin et al. (2022), Nuhu et al. (2024), Adel et al. (2019), and Arkoh et al. (2024), emphasizes that tax-related decisions should consider the interests of a broad range of stakeholders to ensure transparency and uphold ethical standards. Meanwhile, Legitimacy Theory, used in studies such as Mahmood et al. (2018), Sekarlangit & Wardhani (2021), and Sumarta et al. (2023), focuses on how companies seek to maintain their legitimacy by adhering to tax regulations and aligning with societal expectations.

Resource Dependence Theory, found in the works of Zhang et al. (2019), Pham et al. (2020), and Oliveira et al. (2022), suggests that firms may pursue tax avoidance to conserve critical resources and enhance competitiveness. Similarly, Institutional Theory, as used by Al-Shaer et al. (2022), Sumarta et al. (2023), and Githaiga & Kosgei (2023), posits that corporate tax behavior is shaped by institutional norms, regulatory pressures, and the broader external environment. Political Cost Theory, applied in the studies of Silverman (2017), Kumar et al. (2022), and Chung & Bayne (2024), contends that larger firms are more likely to engage in tax avoidance to avoid political scrutiny and reduce exposure to regulatory burdens.

From a governance perspective, Corporate Governance Theory, discussed by Kholis et al. (2020) and Hassan et al. (2022), underscores the role of governance mechanisms in mitigating tax avoidance. Upper Echelons Theory, as seen in Ain et al. (2022) and Putri & Rahman (2020), highlights how the characteristics and values of top executives influence corporate tax strategies. Signaling Theory, used in studies by Putra & Santoso (2019) and Ramírez-Escamilla et al. (2024), suggests that firms with higher levels of tax transparency send favorable signals to investors and external stakeholders.

Other theories offer additional perspectives. Tax Planning Theory, as explored by Nazari et al. (2016), Dissanayake et al. (2019), and Zarefar et al. (2024), focuses on the strategic efforts of firms to legally minimize tax liabilities. Ethical Decision-Making Theory, used by Erin et al. (2022) and Johnson & Miller (2019), emphasizes the influence of ethical values and organizational culture on tax decisions. Prospect Theory, introduced in Liang et al. (2019) and Zhang et al. (2019), posits that tax behavior is influenced by managerial perceptions of risk and return. Behavioral Theory of the Firm, examined by Cicchiello et al. (2021) and Girella et al. (2022), considers how managerial behavior and cognitive biases shape tax strategies. Dynamic Capabilities Theory, discussed by Thayaraj & Karunarathne (2021) and Nuhu et al. (2024), explains how firms develop agile strategies to adapt to evolving tax regulations. Lastly, Contingency Theory, as applied in Pham et al. (2020), proposes that the effectiveness of governance structures in curbing tax avoidance is context-dependent, influenced by both internal organizational factors and the external environment.

Taken together, the diversity of theoretical approaches illustrates the multifaceted nature of the relationship between corporate governance and tax avoidance. Some theories emphasize internal factors—such as executive characteristics, ethical norms, and decision-making processes—while others highlight external influences, including regulatory frameworks, political pressure, and institutional norms. This convergence of internal and external perspectives underscores that corporate tax avoidance strategies are not solely shaped by internal governance mechanisms, but are also deeply embedded in the broader socio-political and economic context.

Table 3. Research Methodology

No.	Research methods	Number of Articles	Percentage
1	Qualitative	**16**	**36%**
2	Quantitative	29	64%

Based on the analysis results 45 articles , the research methods used can be divided into two main categories, namely quantitative And qualitative . From the table above, it can be seen that the method quantitative is more dominant, used in 29 articles (64%)**,** while the method Qualitative methods were used in 16 articles (36%)**.**

1. Dominance of Quantitative Methods (64%)

Most of the research uses the method quantitative to analyze the relationship between corporate governance and tax avoidance. This shows that studies on tax avoidance more often use empirical and statistical data-based approaches , such as regression, variable analysis, and econometric models. These methods provide more objective results and can be generalized to a wider population.

2. The Role of Qualitative Methods (36%)
Although less used, this method qualitative still has an important contribution in this research. With this method, research can explore social factors, regulations, and tax policies in more depth through document analysis, case studies, and stakeholder interviews. This approach helps understand the reasons behind companies' decisions to avoid taxes and how external factors such as political pressure and business ethics play a role in the practice.

3. Implications of Results
Quantitative → Shows that research in the field of tax avoidance tends to focus on hypothesis testing And analysis of the relationship between variables**,** which allows for numerical and statistical conclusions to be drawn. Qualitative → Indicates the need for a more holistic approach interpretive and descriptive to understand the non-financial factors that influence corporate tax avoidance.

Overall, quantitative and qualitative methods complement each other in research on tax avoidance. Quantitative approaches help identify statistical trends and relationships, while qualitative approaches provide in-depth insights into the social, regulatory, and ethical factors underlying corporate decisions. Therefore, future research can combine these two approaches to provide a more comprehensive analysis in understanding the relationship between corporate governance and tax avoidance.

5. Discussion

Methodology Used in the Study Related to Corporate Governance and Tax Avoidance

Studies examining the relationship between corporate governance and tax avoidance are dominated by quantitative approaches based on statistical analysis. This method allows empirical hypothesis testing using secondary data, such as financial statements, annual reports, and corporate financial databases. Most studies utilize multiple linear regression techniques, panel data regression with fixed and random effect models, and multilevel analysis to consider company- and country-specific factors (Wang & Choi, 2021; Nguyen et al., 2020). For example, a study by Kim, Li, and Li (2020) in the United States used a fixed effect model to assess the effect of governance quality on the magnitude of corporate tax avoidance. In addition to regression, techniques such as structural equation modeling (SEM) are increasingly being used in studies that want to test complex multivariate relationships between governance mechanisms, control variables, and tax strategies (Aliani & Zarai, 2022). Several recent studies have also adopted machine learning techniques to classify companies based on their level of tax aggressiveness and governance patterns, extending traditional methodologies to big data-based prediction techniques (Yoon et al., 2021).

On the other hand, qualitative approaches, although still a minority, play an important role in exploring aspects not captured by quantitative data, such as managers' perceptions of tax regulations, market pressures, and ethical values in tax avoidance

(Sari & Hapsari, 2022). Qualitative research is usually conducted through semi-structured interviews or content analysis of annual reports and sustainability reports to understand corporate strategies related to tax compliance. Mixed-methods have also emerged as a new trend, where research combines large quantitative analysis with in-depth interviews to enrich the interpretation of the results. For example, a study by Lanis, Richardson, and Taylor (2022) combines quantitative regression tests with qualitative analysis of corporate ethical disclosure. Thus, although traditional regression remains the main method, there has been significant methodological development towards a combinative and exploratory approach in contemporary governance and tax avoidance studies.

5.2 Indicators or Measures in Measuring Corporate Governance and Tax Avoidance

Corporate governance measurements in this SLR study vary, but can generally be categorized into several main dimensions. The first dimension is the structure of the board of directors, where indicators such as the proportion of independent board members, board size, and meeting frequency are used to assess the quality of management oversight (Lanis & Richardson, 2018; Yoon et al., 2020). The existence of an audit committee, the independence of the audit committee, and the financial expertise of committee members are also important indicators that are often studied to measure the effectiveness of internal governance. The second dimension includes ownership structure. Research examines the effect of ownership concentration, institutional ownership, and managerial ownership on the tendency of companies to engage in tax avoidance. A study by Zeng, Xu, and Chen (2022) shows that high ownership concentration in developing countries can weaken the board's oversight function and increase tax avoidance. The third dimension relates to external audit quality. The use of Big Four auditors is often used as a proxy indicator for audit quality in limiting tax avoidance practices, because large auditors are considered to have reputational incentives to detect and report excessive tax aggressiveness (Luo et al., 2021).

Meanwhile, the measure of tax avoidance also varies. Effective Tax Rate (ETR) remains the most widely used measure in the literature due to its ease of calculation and data availability. Variations of ETR such as Cash Effective Tax Rate (CETR) are also used to capture the actual cash flow aspect paid for taxes (Alsharari, 2021). In addition, Book-Tax Differences (BTD) are used to identify potential tax-related accounting manipulation practices. Several recent studies use a composite tax avoidance index, combining several metrics to capture tax aggressiveness from various dimensions, such as residual tax burden and discretionary tax planning index (Nguyen et al., 2020). With these developments, it is apparent that the literature is moving towards a more complex and multi-dimensional measurement approach in understanding tax avoidance and governance.

Differences in Findings between Developed and Developing Countries

The difference in findings between studies in developed and developing countries is one of the important findings in this SLR. Studies in developed countries, such as the United States, the United Kingdom, and Australia, consistently show that strong corporate governance mechanisms such as high board independence, active audit committees, and dispersed institutional ownership are negatively correlated with the level of corporate tax avoidance (Christensen, Floyd, & Liu, 2020; Kim et al., 2020). These results are supported by a strict regulatory system, a high level of financial transparency, and strong legal enforcement. In contrast, studies in developing countries such as Indonesia, China, Vietnam, and Brazil show more varied results. Research by Wahab et al. (2017) and Nguyen et al. (2020) revealed that even though formal governance structures have been implemented, their effectiveness in suppressing tax avoidance is often hampered by institutional factors such as weak law enforcement, corruption, political involvement in companies, and low market pressure for transparency.

The dominance of family firms in developing countries also affects the relationship between governance and tax avoidance. A study by Aliani and Zarai (2022) found that in family firms, concentrated ownership often leads to the use of aggressive tax strategies that are not fully controlled by the board. This weakens the influence of formal governance on tax compliance. In addition, cultural context, social norms, and stakeholder pressure also play an important role in weakening or strengthening the influence of corporate governance. Recent research by Barros and Sarmento (2021) shows that in developing countries, reputational pressures and demands from minority shareholders for ethical tax practices are relatively weaker than in developed countries. Overall, these differences emphasize the importance of considering institutional, cultural, and regulatory factors in interpreting research results related to governance and tax avoidance. Future studies need to more explicitly control for these contextual factors to produce more robust and cross-country comparable findings.

6. Conclusions

This study aims to systematically examine the relationship between corporate governance factors and tax avoidance practices through an analysis of 45 scientific articles published in the period 2016–2024. The results of this study show that corporate governance plays an important role in moderating the level of corporate tax avoidance, but its influence is highly dependent on a combination of internal corporate factors, the quality of regulation in the country where the company operates, and pressure from external stakeholders. In terms of methodology, the majority of studies use a quantitative approach based on regression analysis and panel data to test the relationship between governance variables and tax avoidance. Although quantitative methods are dominant, qualitative methods are also starting to be used to explore managerial perceptions, ethical factors, and institutional dynamics that cannot be measured statistically. Recent trends show that a combination of quantitative and qualitative methods (mixed-methods) is becoming an increasingly popular approach to understanding the phenomenon of tax avoidance more comprehensively. In terms of indicators, corporate governance is measured through various dimensions, such as board independence, board size, gender diversity on the board, the existence of an audit committee, and share ownership structure. While tax avoidance is generally measured using Effective Tax Rate (ETR), Cash ETR (CETR), Book-Tax Differences (BTD), and composite tax avoidance index. The variation of these indicators reflects the complexity in measuring both concepts and contributes to the heterogeneity of results between studies.

The findings show that several governance mechanisms, such as board independence, gender diversity, and strong audit committees, are consistently negatively related to tax avoidance levels. In contrast, concentrated ownership structures, CEO duality, and family control are often associated with increased tax avoidance practices. However, not all governance factors have a consistent effect, indicating mediation by institutional and contextual factors. The difference in findings between developed and developing countries is one of the main highlights. In developed countries such as the United States, the United Kingdom, and Australia, strong corporate governance structures and strict regulations are effective in suppressing tax avoidance practices. Meanwhile, in developing countries such as Indonesia, Vietnam, and Brazil, weak legal enforcement, the dominance of family businesses, and low market pressures cause the effectiveness of governance in reducing tax avoidance to be lower. Pressure from the global community and international markets encourage some multinational companies in developing countries to maintain high standards of governance and tax compliance. Overall, this study confirms that the relationship between corporate governance and tax avoidance is complex and contextual. Internal factors such as board characteristics and ownership structures must be considered together with external factors such as regulatory strength, business culture, and stakeholder pressures. Effective corporate governance not only reduces the risk of tax avoidance, but also increases the legitimacy of the company in the eyes of investors and the wider community.

This study makes an important contribution to the academic literature by offering a systematic mapping of how governance affects tax avoidance in various contexts. In practical terms, the results of this study provide recommendations for regulators to strengthen corporate governance systems, improve tax regulations, and increase tax transparency and accountability. For investors, these results demonstrate the importance of considering governance factors in assessing corporate tax risks. Meanwhile, for the academic world, this study opens up space for further research to explore the interactions between governance factors, cross-cultural dynamics, and the implications of global regulatory changes such as the Global Minimum Tax on corporate tax avoidance strategies.

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