International Journal of Innovative Research in Accounting and Sustainability
ISSN: 2736-1381 (Print), ISSN 2736-1500 (Online)
Vol. 8, No. 3, 2023

CEO Attributes and Tax Avoidance: Evidence from Manufacturing Firms Listed on the Nigerian Exchange

[1]Professor Matthew Adeolu Abata* (www.orcid.org/0000-0002-3679-2615),
[2]Godwin Omoregbee (www:orcid/0000-0002-4587-2190) & [3]Bola Joseph Adetula
[1&2]Department of Accounting, Lagos State University, Lagos State, Nigeria.
[3]School of Postgraduate Studies, Lagos State University, Lagos State, Nigeria.

Correspoding Email: matthew.abata@lasu.edu.ng

Abstract

This study examined how CEO attributes affect tax avoidance tendencies in Nigerian Stock Exchange-listed manufacturing firms. CEO attributes were proxied by tenure and ownership concentration, whereas Tax Avoidance (TA) was proxied by Effective Tax Rate (ETR). The study scope included all the 56 manufacturing firms listed on the Nigerian stock exchange as of August 31, 2021.Criteria such as availability of complete and wholistic records on CEOs and tax avoidance records were used to choose 27 firms. Secondary records from 2012-2021 culled from the audited financial statements was utilized. The System Generalized Moment Method of Regression Analysis was used to estimate the model. The outcome of the study revealed that the length of time a CEO has held their position has a negative and statistically significant effect on tax avoidance. This indicates that longer tenured CEOs possess the requisite learning curve that can reduce effective tax rates. In a similar vein, CEO ownership was found to have a positive and statistically significant effect on tax avoidance. The study's finding has implication for both internal and external stakeholders, and recommends among others that firms should establishing robust corporate governance mechanisms, including independent and diligent boards of directors.

Keywords: Tax Avoidance, CEO Tenure, CEO Ownership, Managerial Ownership

1. Introduction

Taxes continue to be the most reliable and sustainable source of state revenue for modern governments. Recent estimates by the center for tax matters (international) indicate that tax revenue provides for over 80percentt of government income in over half of all nations globally, and over fifty percent in almost every nation. This is supported by the Finance Minister's repeated demands for greater taxation-based mobilization of domestic resources. According to Fowler (2019), Nigeria loses approximately $15 billion annually due to tax evasion. Odilim (2020), considers Fowler's estimate to be incredibly low, and asserted that "approximately N17.8trillion is lost annually due to Nigeria's failure to implement strategies to combat aggressive tax avoidance". Tax revenues considerably supplement cash inflow and revenue (Okunogbe & Santoro, 2023). In the light of the importance of taxes to the nation, the national government strives constantly to make the most of earnings from taxes (Jusman & Nosita, 2020). Tax implications are like a double-edged sword, since tax authorities unquestionably want to optimise tax collections, while individuals and businesses seek to minimize their tax obligations. Taxpayers typically engage in tax management strategies like tax circumvent to lower taxes to be paid (Osamor, Omoregbee, & Olugbenga. 2023). Subsequently, tax avoidance provides significant advantages, particularly in terms of building accessible cash flow for investment. According to Suprapti (2017), management would engage in tax avoidance if the company's cash flow had become challenging and there was a need to shore up cash conditions.

Hadiyarroyyan and Urumah (2019) posited that one of the tax avoidance trends that has hit the headlines in recent times is the case involving the Panama documents which reveals that a significant number of taxpayers have engaged in a top level of tax circumvent activities. This is the case notwithstanding the efforts of the government to raise state tax collection. In addition, the identities of several businesses, corporations, and high-ranking officials from a variety of countries who are accused of tax fraud are included in the Panama papers, which is another reason why they have piqued the public's curiosity and received a lot of attention. The responsibility for tax avoidance and management strategies lies in the shoulders of the CEO. CEOs create policies and processes to reduce top-level overall tax liability (Dyreng et al. 2010). Recent research by Chen et al. (2020), James (2020) and Lai et al. (2020) shows that CEO age, tenure and accounting expertise, affect tax avoidance efforts of firms.

A substantial body of prior research has examined many factors that can predict the level of tax aggression, focusing on firm-specific characteristics and employing a diverse set of indicators. Ogbeide (2017) and Ilaboya et al. (2016) employed audit fees, business size, leverage, interest costs, and capital intensity as variables in their respective studies. In a similar vein, the study conducted by Atu et al. (2018) incorporated variables such as firm size, leverage, profitability, and liquidity to assess company characteristics. On the other hand, Salawu and Adedeji (2017) considered external auditor quality, firm value, leverage, profitability, size, growth opportunities, and capital intensity as factors related to corporate governance and company attributes.

Kalbuana et al. (2020) and Rahman & Leqi (2021) separately evaluated the connection between liquidity levels and profitability in relation to tax avoidance. Yusuf et al. (2023), Ahmad et al. (2022), and He (2015), along with other scholars, conducted empirical investigations to examine the relationship between board attributes and firm performance. In a similar vein, Harymawan et al. (2022), Huang et al. (2013), Habid & Hussein (2013), and He (2015), among other researchers, explored the influence of CEO attributes on the quality of financial reporting in emerging economies. The results of these investigations have produced diverse and inconclusive findings. The concept of CEO attributes, which has a significant impact on organizations' tax evasion strategies (Kovermann and Velte, 2019), has received limited attention in literature. This is despite the fact that various owners may possess distinct incentives and time horizons when it comes to making corporate decisions (Raimo et al., 2020). Only a few studies, like Duan et al. (2018), Zolotoy et al. (2021), and Ilaboya (2023), and Jiang et al., 2021 who found mixed result explored the effect of CEO attributes in determining possibilities of undertaking tax avoidance.

This paper seeks to evaluate the impact of CEO attributes on Tax avoidance amongst manufacturing firms listed on the Nigerian Exchange. Specifically, the study x-rays the impact of CEO tenor and ownership on tax avoidance. The findings of the study contribute to the current body of research by providing additional support for the hypothesis that there is a connection between tax avoidance and the attributes of the CEO.

The remaining parts of the article have been arranged in the following manner so that they are simple to navigate: The review of the relevant literature and the development of hypotheses, The the research design, the analysis of the data, and a discussion of the findings. as well as the Conclusions and the recommendations

2. Literature Review and Hypotheses Statement

2.1 CEO Attributes

Dong et al. (2018) thoroughly examined the relationship between CEO features and their influence on firm-level outcome and categorized CEO characteristics into three main dimensions by background, personality traits, and leadership styles. "The majority of research on the background of CEOs is based on the upper echelon's hypothesis, which posits that the features of managers' backgrounds can partially predict organizational outcomes, such as strategy choices. The concept of professional background pertains to the accumulated professional experience of a Chief Executive Officer (CEO) and has been observed to have a substantial impact on the CEO's decision-making and effectiveness in guiding an organization (Crossland, Zyung, Hiller & Hambrick, 2014). On the other hand, demographic background encompasses various factors such as the age, educational attainment, and length of service of the CEO. Social cultural traits pertain to the position of a Chief Executive Officer (CEO) under comprehensive evaluation systems that are socially built. It has garnered attention from scholars who are investigating the connection between the traits of CEOs and tax strategies.

2.1.1 CEO Tenure and Tax Avoidance

The tenure of CEOs is one of several demographic characteristics traits that can affect tax avoidance strategy. Hariyanto & Utomo (2019) hypothesized that a long-tenured CEO has the propensity of fostering corporate loyalty, thereby preventing the CEO from engaging in tax avoidance for short-term gains. While newly appointed or shorter-tenured CEOs will employ aggressive tax plans to demonstrate their ability to increase overall earnings and cash flow to their respective boards and stakeholders (Goldman et al., 2017). Research on CEOs has shown that the length of time a person has served in their role as CEO is an important element (Finkelstein et al., 2009; Hambrick & Fukutomi, 1991). Hambrick and Mason (1984) found that "CEO tenure" is an important observable attribute that accurately predicts both the "givens and behaviours" of CEOs while they are serving in their positions of authority. Studies have demonstrated that a company's financial success or otherwise can be profoundly affected by the choices made by its CEOs. To fully grasp the responsibilities and standard behaviors of CEOs, it is vital to have a thorough understanding of the CEO's terms.

Furthermore, the study conducted by Ulfa et al. (2021) investigated the correlation between distinct CEO attributes and the implementation of tax avoidance tactics. The sample consisted of 88 deliberately chosen enterprises. The multiple regression technique was employed to estimate the model, revealing that the tenure of the CEO, along with other variables, had a beneficial impact on a company's ability for tax avoidance. In their study, Ilaboya et al. (2023) employed the top management enchelon hypothesis as a framework to examine the relationship between the Chief Executive Officer (CEO) and the practise of tax avoidance. The Generalised Moment Method (GMM) of regression was employed to estimate the adapted model. The findings indicate a significant correlation between tax avoidance in the Nigerian setting and two factors: the gender of the CEO and the length of their employment on the board. In light of the aforementioned reasoning, the subsequent hypothesis is formulated:

H_1: CEO Tenure statistically and significantly affect tax avoidance strategies

2.1.2 Ownership Concentration

According to Oyedokun and Ojo (2020), ownership concentration is defined as the distribution of a company's stock holdings among its top shareholders. It is the frameworks and monitoring mechanisms responsible for holding managers accountable to diverse shareholders group (Johnson, Scholes & Whittington 2011). Garcia-Meca (2013) asserts that a company's ownership structure is an internal governance system that is applied to the management team of the company. Salaudeen and Ejeh (2018) in their study revealed that there is a positive, albeit statistically insignificant, relationship between ownership concentration and tax aggression. On the other hand, the study demonstrates a considerably negative association between management ownership and tax aggressiveness.

In a comparable investigation, Oyeleke et al. (2016) conducted a study to analyze the correlation between gender diversity within the board of directors and the level of tax aggressiveness exhibited by banks listed on the Nigerian Stock Exchange (NSE). The study utilised panel data collected from the years 2012 to 2014. After accounting for corporate characteristics and governance procedures, the findings indicate that there is a positive but statistically insignificant relationship between the presence of female directors and tax aggression. Furthermore, the research reveals a substantial correlation between the combination of board size and the presence of female directors, and a decrease in the extent of tax aggressiveness.

In the investigation, Efenana et al. (2023) examined the relationship between ownership structure and the impact of tax enhancement measures in publicly traded manufacturing firms in Nigeria. The research employed the ex post facto design methodology. The primary independent variable was denoted as the effective tax rate, whilst the explanatory factors were approximated by managerial, institutional, and foreign ownership. The results of the study indicate a significant positive correlation between the independent and dependent variables.

The study conducted by Pujiningsih and Pujiningsih (2022) investigated the relationship between institutional ownership, management incentives, and tax management strategies. The results indicated that tax evasion was adversely affected by both institutional and foreign ownership. This implies that both facets have the potential to mitigate instances of tax avoidance. This discovery aligns with the standpoint of agency theory. In light of the aforementioned reasoning, the subsequent hypothesis is formulated:

H_1: CEO ownership concentration statistically and significantly affect tax avoidance strategies.

2.1.3 Tax avoidance using effective tax rate (ETR)

The majority of tax evasion research has focused on non-conforming elements due to their simplicity of measurement and information source (Badertscher et al., 2016).Non-conforming tax avoidance strategies aim to decrease taxable income without affecting accounting income, whereas conforming tax avoidance strategies aim to decrease both taxable and accounting income (Aronmwan1& Okaiwele, 2020).Furthermore, it is worth noting that research on tax avoidance can be classified into three distinct groups, as outlined by Annuar, Salihu, & Obid (2014).Tax avoidance is assessed by three distinct groups through different methods. The first group evaluates tax avoidance by examining the effective tax rate. The second group analyses tax avoidance by analyzing the book-tax gap. Lastly, the third group employs alternative ways to gauge tax avoidance. Nevertheless, this analysis solely examines the use of effective tax rate (ETR).

The aforementioned metric is employed to assess the prevalence of tax avoidance strategies, achieved by dividing the tax expense reported in the financial statement by either the pre-tax accounting revenue or cash (Hanlon & Heitzman, 2010). These yields a numerical value that typically falls within the range of 0 to 1. When conducting this computation, the researcher's objective holds utmost significance. Furthermore, considering the temporal aspect, if the researcher aims to examine the annual rate of tax evasion, which is known to be subject to fluctuations over time, it is advisable to compute the annual

Effective Tax Rate (ETR). However, if the focus is on a span of multiple years, it is more suitable to use the long-run Effective Tax Rate (ETR) as suggested by Gebhart (2017). Dyreng, et al. (2008) introduced the long-run measure of effective tax rates (ETR) as a means to resolve the concern of volatility.

2.2 Theory Review

2.2.1 Agency Theory

The emergence of agency theory occurred around the late 1970s, because of the integration of economics and institutional theory. The invention can be attributed to researchers Stephen Ross and Barry Mitnick. The field of agency theory examines the optimal contractual arrangements for effectively managing partnerships in situations where a singular entity or organisation, referred to as the "principal," delegates tasks to another party known as the "agent" (Eisenhardt, 1985). In this study, the tax authorities are the principals, while the CEO representing the firms is the agent. In order to shore up the company's liquidity position, the company's short-tenured CEOs (new CEOs) will engage in aggressive tax avoidance strategies (Oyedokun, 2022). Consequently, the tax authorities' primary goal is to maximize tax collection from taxpayers. As a result, agency conflicts arise as a result of the two parties' differing interests (Doho & Santoso, 2020).

2.2.2 Top Echelon Theory

Hambrick and Mason's (2007) upper echelons theory is well-known for its prediction that the characteristics of an organization's echelon cadre would affect strategic outcomes. Additionally, according to Hambrick (2007), executives make decisions based on how they perceive the strategic environment, which is a function of their values, background, and personality. In other words, to comprehend the tax avoidance behavior of organizations, it is essential to consider the values, experiences, biases, and perceptions of the upper-echelon cadre, among other factors. Consequently, this theory predicts that the attributes of the administrators, either collectively (the Board of Directors) or individually (the CEO, CFO, and Chairman of the Board of Directors), will influence tax avoidance as a strategic outcome.

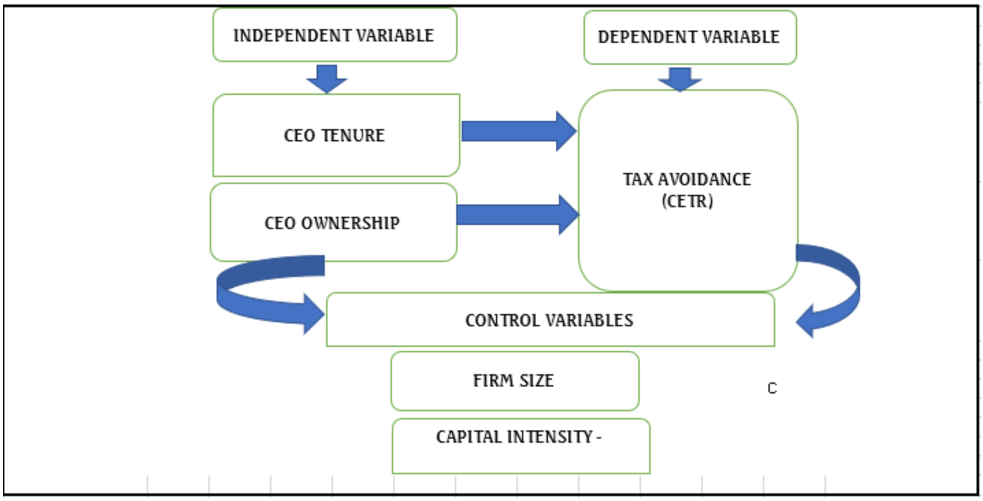

Figure 2.1: Conceptual framework showing interaction between CEO Attributes and Tax Avoidance

Source: Authors' Design (2023)

3. Research Design

This investigation used the ex-post facto research design. The study's population consisted of all the 56 manufacturing companies listed on the Nigerian Stock Exchange (NSE) as of August 31, 2021. Specifically, CEO ownership concentration and tenure were used to measure CEO traits, while Tax planning was proxied by effective tax rates. Purposive sampling technique was employed to select a sample size of 28 out of the 56 manufacturing firms for a 10-year period spanning (2012–2021), based on criteria such as (1) Companies that did not experience losses during the period under review, (2) Firms that publish information on CEO tenure and shareholdings and other demographic attributes (3) as well as firms that have full set of financial data suitable for a balanced panel study. The estimation of the study's model was conducted utilizing the generalized method of moments regression methodology, which is employed to mitigate endogeneity constraints.

3.1 Model Specification

The model was adapted and modeled after the works of Ghozali, (2018) and Ilaboya et al., (2023). In these studies, tax planning was represented by two proxies tax savings (TAS) and book tax difference (BTD) as depicted below. While our study represented tax planning with Effective tax rate ETR. Also in the original model, the independent variables which included corporate governance variables were streamlined to CEO demographic attributes. Worthy of note, is the inclusion of Capital intensity which has the capability of affecting he dependent variable in our study.

Original Models

$TASit = \beta_0 + \beta_1 BOZit + \beta_2 BOCit + \beta_3 GEDit + \beta_4 BFEit + \beta_5 BOMit + \beta_6 LEVit + \beta_7 FISit + \varepsilon it$

$BTDit = \beta_0 + \beta_1 BOZit + \beta_2 BOCit + \beta_3 GEDit + \beta_4 BFEit + \beta_5 BOMit + \beta_6 LEVit + \beta_7 FISit + \varepsilon it$

Where:

TAS = Tax Savings = Book Tax Difference.

Adapted Model

$TAXAV_{it} = \beta_1 CEOTE_{it} + \beta_2 CEOOW\ it + \beta_3 CAPINT_{it} + \beta_4 COYZE_{it} + +\alpha$

TAXAV = Tax Avoidance

CEOTE = Chief Executive Officer Tenure

CEOOW= Chief Executive Officer (CEO) Ownership concentration

CAPINT = Capital Intensity

COYZE = Company Size

α = Error Term

i = Firms

t = Time

$\beta_1 - \beta_4$ = Coefficients

Table 1: Operationalization of Variables

S/N	Variable	Type	Measure/Proxy	Authority/Previous Studies
1	Tax Avoidance	Dependent Variable	ETR = Cash Paid for tax expenses/Earnings Before Interest and Tax	Minnick & Noga, 2010
2.	CEO Tenure	Independent Variable	CEOT = Number of years the CEO has served on the BOARD as the CEO	(Juliawaty & Astuti, 2019)
4.	CEO Ownership	Independent Variable		
3.	Capital Intensity	Control Variable	CAPIT= Total fixed Asset/Total Asset	Andhari & Sukartha (2017)
5	Firm Size	Control Variable	LTA = Log of Total Asset	Cahyono et al. (2016)

Source: Authors' Compilation (2023)

4. Data Analysis and Discussion of findings

4.1 Descriptive Statistics

In this part, we look at the descriptive statistics for both the independent and dependent variables of interest. The mean, median, highest, and lowest numbers of each variable are examined at. Table 3 below shows the study's descriptive data.

Table 2: Descriptive Statistics

	Mean	St.Dev	Maximum	Mininium	N
CETR	36.50	105.54	1229.79	0	270
CEOTE	0.567	0.496	1	0	270
CEOOW	2.99	10.44	52	0	270
COYZE	4.86	1.005	6.81	2.72	270
CAPINT	49.55	21.47	95.78	0	270

Source: Authors' Computation (2023)

The mean of CETR which proxy Tax Avoidance of the sampled companies was 36.50 while its standard deviation value was 105.54. The maximum value was 1229.79 while the minimum was 0. This therefore means that there is a wide variation in the CETR of the firms from the mean. The average of 36.5% percentage is well above the corporate tax rate of 30%. In the case of duration of CEO on the board which is proxied by CEO tenure (CEOTE) the mean value of the sampled companies was 0.567, the maximum value 1 while the minimum was 0. This therefore means that companies on average have 56.7% of CEO who have stayed more than 3 years in the firm they are managing. Further, the table showed that CEOOW has an average value of 2.9% and standard deviation is 10.44, as well as lowest and extreme values of 2.72 and 6.81 respectively. In addition, table 2 showed that COYZE has a minimum value of 2.72, maximum 6.81, standard dev 1.00 and mean value 4.86 respectively. CAPINT revealed a mean of 49.55% which is well above the standard deviations. This means there is low deviation, a common pattern in terms of the size of the sampled firms.

4.2 Correlation Matrix

The Pearson correlation coefficient was employed to examine the association between the variables, and the results are presented in Table 3.

Table 3: Correlation analysis

	CETR	CEOTE	CEOOW	COYZE	CAPINT
CETR	1	0.00	0.00	0.00	0.00
CEOTE	0.019	1	0.00	0.00	0.00
CEOOW	-0.229*	0.225*	1	0.00	0.00
COYZE	0.151*	0.055	-0.274*	1	0.00
CAPINT	-0.089	-0.099	0.178*	-0.101	1

Source: Authors' Computation (2023)

In the case of CETR and CEOTE correlation, the coefficient of 0.00 provide evidence of a marginally positive significant correlation. However, the correlation between CEOOW and CETR (-0.229) depicts a *weak* negative association. Further, table 4 revealed that COYZE has a weak but significant positive correlation with CETR. In addition, CAPINT has negative and weak association with CETR (-0.089) of the listed Manufacturing firms in Nigeria. To check for collinearity among the independent variables, the correlation outcomes demonstrates that there is no *strong* association between any two explanatory variables since all the correlation coefficients were less than 0.50 (absolute values ranging between (0.055-0.274). Since the correlation test does not detect a cause-and-effect link, we generated a regression result to evaluate our hypotheses.

4.3 CEO Attributes and Tax Avoidance

The study's model estimates the CEOs Attributes and tax avoidance nexus by employing the GMM regression method which resolves the problem of endogeneity. According to Ullah, Akhtar, and Zahharian (2018), the presence of endogeneity issues might lead to inconsistent estimations and unsuitable conclusions. Consequently, this can result in misleading deductions and wrong hypothetical interpretations.

Table 4: Generalized method moment

	Coefficient	**t-statistic**	**p-value**
CETR	0.187	2.35	0.019*
CEOTE	-0.182	2.02	0.044*
CEOOW	0.550	-5.21	0.000*
COYZE	33.17	1.33	0.182
CAPINT	-0.000	-0.16	0.876
Const	77.35	0.72	0.475
F/Wald Test	276.29		0.000*
VIF	1.11		
AR2	1.75		0.080
Hansen statistic	8.47		0.293
No of instrument	14		
No of group	27		

Source: Authors' Computation (2023)

Overall, the regression model is statistically significant at a P-value of 0.000 and an F-statistic of 276.29. This indicates that the regression model is valid and may be used for statistical inference. The VIF values for each explanatory variable as well as the overall are less than 10, indicating no harmful multicollinearity in the model. Table 4 tests GMM analysis assumptions. The AR (2) test provides a p-value of 0.080, which is greater than 0.05, indicating no second-order auto/serial correlation in the model. The Hansen test for over identification restriction yields a p-value of 0.293, validating the instrument. GMM analysis is good because the number of instruments (14) is smaller than the group (27) in the table. The study hypotheses were tested thus:

4.3.1 Hypothesis 1: CEO Tenure and Tax Avoidance

CEOTEN appears to have an inverse and influential effect on CETR at 5% level of significance (-0.182, P<0.044). This therefore implies that the study has 95% confident that increase in CEOTE will decrease CETR. This finding could result from the fact that CEOs that have stayed long in their present position often have a deeper understanding of the company's operations, tax strategies, and historical tax planning decisions. This institutional knowledge can lead to a conservative approach towards tax avoidance, as CEOs possess a heightened level of awareness of the dangers and adverse effects that may arise from engaging in aggressive tax avoidance strategies. Also, CEOs with longer tenures often have a more long-term orientation and a focus on the sustainable growth and success of the company. They may prioritize the company's overall financial health and stability over short-term tax savings. This long-term perspective may discourage CEOs from engaging in aggressive tax avoidance practices that could potentially jeopardize the company's financial position or invite regulatory scrutiny. This finding is in alignment with the studies of Goldman et al. (2017) who found that firms report lower cash effective tax rates early in the CEO’s tenure. It is also intandem with study of Kim and Lee (2021) who discovered that the tendency for tax avoidance diminishes as CEO stays in the position longer. It however negates the findings of Astutik & Venusita, (2020) who found that tenure contributes positively to tax aggressiveness as well as Ulfa et al. (2021) who found evidence that CEO tenure has a positive effect on tax avoidance.

4.3.2 Hypothesis 2: CEO Ownership and Tax Avoidance

CEOOW appears to have a direct and substantial influence on CETR at 5% level of significance (coefficient 0.550, P<0.000). This therefore implies that the study has 95% confident that increase in CEO ownership will increase tax avoidance. This finding implies that CEOOW increases firm tendency for tax avoidance amongst quoted manufacturing firms in Nigeria. This suggests that CEOs with a significant ownership stake in a company have a vested interest in maximizing shareholder value. This ownership stake can align the CEO's interests with those of shareholders, encouraging them to engage in strategies that reduce tax burdens and increase after-tax profits**.** This finding is in tandem with the outcome of Wenwu et al. (2023), who discovered that there is a direct relationship between CEO equity ownership and corporations tax avoidance models, the greater the stock incentive offered to top executives, the more likely it is that corporations will aggressively pursue tax avoidance tactics. In contrast, Lee and Chia (2020) discovered that CEOs with massive ownership concentration exhibit hostile tax behavior consistent with the convergence-of-interest hypothesis as well as the agency in that they target reduced tax avoidance policy while pursuing their own interests. Wang & Yao (2021) demonstrated that CEO equity incentive has a negative correlation with corporate tax avoidance.

5. Conclusion and Recommendations

Using data from 2012 to 2021, this study examined the impact of CEO attributes on tax avoidance strategies amongst manufacturing goods firms listed on the Nigeria stock exchange as of August 31, 2021. To estimate the model, the System Generalized Moment Method of regression was used. The examination revealed that CEO tenure has a negative impact on tax avoidance, leading to the conclusion that longer the CEO stay in his present position the higher the possibility of driving down the effective tax rate (ETR). This is supported by the Top echelon theory and empirical evidence from existing literatures. On the other hand, CEO ownership was discovered to have a positive and significant impact on tax avoidance strategy. This is also empirically affirmed and supported by the agency theory, which posits that the CEO, as an agent, has an interest in maximizing wealth, which it pursues at the expense of the relevant tax authorities, who have an opposing interest in maximizing their tax revenue.

The study therefore puts forward the following recommendations based on the forgoing conclusion

i. The implementation of external oversight mechanisms can play a crucial role in effectively aligning CEO share ownership with the long-term goals of the company and its stakeholders, encompassing appropriate tax practice.
ii. Further, the study recommends that longer tenured CEO should be encouraged as this will encourage learning curve that engenders a proper understanding of the business as well as available tax loopholes that drives the components of effective tax rate.
iii. Also, investment in assets that qualify for capital allowances should be targeted as this also has the tendency of reducing taxable income, thereby giving rise to lower effective tax rate.

References

Alhmood, M., Shaari, H., Al-Dhamari, R., & Sani, A. U. A. (2023). Does ownership concentration matter for the relationship between CEO characteristics and real earnings management: evidence from Jordan. *EuroMed Journal of Business*.

Astutik, D. & Venusita, L. (2020). The Influence of CEO's Demographic Characteristics on Tax Aggressiveness in Family Firm. *Jurnal Akuntansi dan Keuangan*,

Burman, V., Niskanen, M., Mättö, M., & Ojala, H. (2023). How Does Corporate Governance Affect Tax Aggressiveness? Evidence from Finland. *Evidence from Finland (April 30, 2023). Forthcoming in Nordic Journal of Business*.

Efenana, F. O., & Egbunike, P. A. (2023). Ownership Structure and Corporate Tax Aggressiveness of Public Listed Manufacturing Firms in Nigeria. *Journal of Global Accounting*, *9*(1), 141-160.

Goldman, N. C., Schuchard, K., & Williams, B. (2017). How Does CEO Tenure Affect Corporate Income Tax Planning and Financial Reporting Decisions? *SSRN 2969662*.

Harahap, R. B. E., & Masripah, M. (2023). Effect of Managerial Ownership and Gender Diversity on Directors on Tax Avoidance with Audit Quality as a Moderation Variable. *Business, Management, & Accounting Journal*, *4*(1), 9-19.

Ilaboya, O. J., & Aronmwan, E. J. (2023). Chief Executive Officer's attributes and tax avoidance: evidence from Nigeria. *International Journal of Disclosure and Governance*, *20*(1), 99-108.

Kim, J.-H.; Lee, J.-H. How CEO Political Connections Induce Corporate Social Irresponsibility: An Empirical Study of Tax Avoidance in South Korea. Sustainability 2021, 13, 7739. https://doi.org/10.3390/ su1314773

Lee, R., & Kao, H. (2020). The Effect of CEO power on Tax Avoidance: evidence from Taiwan. *Global Journal of Business Research* Vol. 14, No. 1, 2020, pp. 1-27.

Oktaviani, R. M., & Wulandari, S. (2023). Multinational Corporate Tax Avoidance in Indonesia. *International Journal of Professional Business Review*, *8*(2), e01549-e01549.

Okunogbe, O., & Santoro, F. (2023). Increasing Tax Collection in African Countries: The Role of Information Technology. *Journal of African Economies*, *32* (Supplement_1), i57-i83.4

Okunogbe, O., & Santoro, F. (2023). Increasing Tax Collection in African Countries: The Role of Information Technology. *Journal of African Economies*, *32*(Supplement_1), i57-i83.

Osamor, I., Omoregbee, G., & Olugbenga, A. (2023). Effects of Thin Capitalization on the Financial Performance of Multinational Companies in Nigeria. *Iranian Journal of Accounting, Auditing and Finance*, *7*(2), 99-110.

Pujiningsih, S., & Salsabyla, N. A. (2022). Relationship of Foreign Institutional Ownership and Management Incentives to Tax Avoidance. *Jurnal Akuntansi dan Keuangan Indonesia*, *19*(2), 6.

Salehi, M., Tarighi, H. & Shahri, T.A. (2019). The effect of auditor characteristics on tax avoidance of Iranian companies. Journal of Asian Business and Economic Studies, 27(2), 119-134. https://www.emerald.com/insight/content/doi/10.1108/JABES-11-2018-0100/full/pdf

Sutrisno, P., Utama, S., Hermawan, A. A., & Fatima, E. (2023). Founder or descendant CEOs, tax avoidance and firms' future risks: the Indonesian evidence. *Journal of Family Business Management*.

Ulfa, E. K., Suprapti, E., & Latifah, S. W. (2021). The Effect of CEO Tenure, Capital Intensity, and Firm Size on Tax Avoidance. *Jurnal Reviu Akuntansi dan Keuangan*, *11*(1), 77-86.

Wang, Y. S., & Yao, J. (2021). Impact of Executive Compensation Incentives on Corporate Tax Avoidance. Modern Economy, 12, 1817-1834. https://doi.org/10.4236/me.2021.1212094

Wenwu X, Khurram MU, Qing L and Rafiq A (2023). Management equity incentives and corporate tax avoidance: Moderating role of the internal control. Front. Psychol. 14:1096674. doi: 10.3389/fpsyg.2023.1096674

Yusuf, M. J., & Yahaya, O. A. (2023). CEO attributes and financial performance of listed firms in Nigeria. *International Journal of Economics, Finance and Management Sciences*, *11*(2), 112-124.

Zhang, W. (2022). Managerial career concerns and corporate tax avoidance: Evidence from the inevitable disclosure doctrine. *Contemporary Accounting Research*, *39*(1), 7-49.

Zolotoy, L., O'Sullivan, D., Martin, G. P., & Wiseman, R. M. (2021). Stakeholder agency relationships: CEO stock options and corporate tax avoidance. *Journal of Management Studies*, *58*(3), 782-814.