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BOARD SIZE, GENDER DIVERSITY, AND CORPORATE TAX AVOIDANCE: THE MODERATING ROLE OF AUDIT QUALITY IN VIETNAM

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ABSTRACT

This study explores the impact of board size and gender diversity on corporate tax avoidance, with particular attention to the moderating role of audit quality, proxied by Big4 auditors. Using a panel dataset of Vietnamese listed firms from 2015 to 2020, we examine how internal governance mechanisms and external monitoring jointly shape firms' tax behavior. Tax avoidance is captured through effective tax rates and book–tax differences. The results indicate that board size is positively associated with tax avoidance, while gender diversity reduces it, reflecting the ethical and risk-averse perspectives female directors bring to decision-making. Moreover, Big4 auditors weaken the adverse effect of larger boards and reinforce the constraining role of gender diversity. Overall, the findings emphasize the complementary influence of board structures and audit quality in curbing aggressive tax practices, offering both theoretical and practical implications for governance reforms in emerging markets.

Keywords: Corporate governance, board size, gender diversity, tax avoidance, audit quality, Vietnam.

JEL codes: G34

1. INTRODUCTION

Tax avoidance has become a central issue in corporate finance and accounting research, attracting increasing attention from both academics and policymakers. While tax minimization is often considered a legitimate strategy, excessive tax avoidance may erode government revenue, distort market competition, and undermine corporate transparency and sustainability (Hanlon & Heitzman, 2010; Slemrod, 2019). These concerns are particularly salient in emerging markets, where institutional environments are less developed, enforcement is weak, and governance mechanisms are still evolving. In Vietnam, where corporate income tax contributes significantly to the state budget, understanding the drivers of tax avoidance is both timely and policy relevant.

Corporate governance is widely recognized as a key determinant of firms' financial and tax-related decisions. Agency theory suggests that conflicts of interest between managers and shareholders may motivate managers to pursue aggressive tax strategies either to boost reported earnings or to conceal opportunistic behavior. The effectiveness of governance mechanisms, including board structure, composition, and oversight, is therefore critical in shaping corporate tax behavior.

Among board attributes, board size has received extensive scholarly attention but with inconclusive evidence. Larger boards may provide a broader set of skills, perspectives, and resources that enhance oversight (Dalton et al., 1999), yet they may also suffer from coordination problems and diluted accountability, thereby limiting their ability to constrain managerial opportunism. This ambiguity extends to tax avoidance, with studies in both developed and emerging markets reporting mixed results (Lanis & Richardson, 2011; Minnick & Noga, 2010).

Another dimension of governance that has gained prominence is gender diversity. Research indicates that female directors contribute ethical orientations and risk-averse perspectives, leading to more transparent and socially responsible decision-making (Adams & Ferreira, 2009; B. Francis et al., 2013). Thus, gender-diverse boards are more likely to discourage aggressive tax practices. However, despite global attention, evidence from Vietnam remains scarce, leaving open questions about whether female board representation plays a constraining role in tax avoidance within this institutional context.

Beyond internal governance, external monitoring also exerts substantial influence on firms' tax strategies. Audit quality, especially when provided by Big4 firms, is recognized as a critical external governance mechanism. Big4 auditors, due to their superior expertise and reputation concerns, are better positioned to detect and deter aggressive tax practices (DeFond & Zhang, 2014; J. R. Francis, 2004). Yet, empirical evidence on the interaction between Big4 auditors and board characteristics in shaping tax avoidance is limited, particularly in emerging economies.

This study addresses these gaps by examining how board size and gender diversity influence corporate tax avoidance, and whether these relationships are moderated by the presence of Big4 auditors. Drawing on a panel dataset of Vietnamese listed firms from 2015 to 2020, we provide evidence on the interplay between internal governance and external monitoring mechanisms in an emerging market setting. Vietnam offers a compelling case given its transitional institutional framework, rapidly developing capital markets, and rising demand for corporate transparency.

Our study contributes in three main ways. First, it extends the literature by jointly analyzing board size and gender diversity in relation to tax avoidance, providing novel evidence from Vietnam. Second, it highlights the moderating role of audit quality, offering insights into how internal and external governance mechanisms complement each other. Third, by focusing on an emerging economy, it enriches the comparative understanding of how institutional environments shape governance effectiveness. These contributions have direct implications for regulators, boards of directors, and investors seeking to strengthen tax compliance and corporate accountability.

The remainder of this paper is organized as follows. Section 2 reviews prior literature and develops hypotheses. Section 3 presents the research design. Section 4 discusses empirical results and discussion. Section 5 concludes with contributions.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Corporate tax avoidance and governance mechanisms

In recent years, tax avoidance has drawn considerable attention in accounting and corporate finance research, largely because of its consequences for firms, investors, and governments. At its core, tax avoidance refers to strategies aimed at lowering tax liabilities through legal means, or sometimes by pushing the boundary of what is acceptable. It sits in a "grey area" between standard tax planning and more aggressive practices that come close to tax evasion. When exercised in moderation, tax avoidance can increase firm value by cutting tax costs and improving after-tax cash flows. Yet, when it becomes excessive, it exposes firms to regulatory scrutiny, reputational harm, and a gradual erosion of public trust.

Agency theory offers a useful way of framing this issue. Ideally, managers are expected to engage in tax planning that benefits shareholders and maximizes firm value. But in practice, managers may also use tax avoidance for their own purposes. For example, building financial slack, concealing earnings management, or bargaining for private gains. From this perspective, tax avoidance can easily turn into a tool for managerial opportunism. This is why strong governance mechanisms are essential: they help ensure that managers act in line with shareholder interests and that tax strategies are implemented in a transparent and responsible manner.

Previous studies have examined a wide range of governance mechanisms associated with tax avoidance, including ownership concentration, board independence, CEO duality, and the role of audit committees (Kovermann & Velte, 2019; Wang et al., 2020). Generally, stronger corporate governance mechanisms lead to reduced tax avoidance (Bayar et al., 2018; Kiesewetter & Manthey, 2018). In Vietnam, recent research on governance mechanisms and corporate tax avoidance reveals complex relationships between governance structures and tax behavior. Studies consistently find that stronger corporate governance mechanisms reduce tax avoidance activities. Hung (2024) demonstrates through qualitative analysis that firms with independent boards and active audit committees engage less in tax avoidance, while weak governance structures lead to aggressive tax strategies. Quantitative evidence from Pham et al. (2024) shows CEO duality negatively relates to tax avoidance, though board size and audit quality surprisingly show positive relationships. Tran et al. (2023) find that board characteristics moderate the relationship between firm risk and tax avoidance, with optimal governance requiring boards larger than six members and independence ratios above 48.63%.

Still, board characteristics such as board size and gender diversity have received relatively little attention, especially in emerging economies like Vietnam, where governance systems differ markedly from those in developed countries. In addition, how internal governance interacts with external oversight-most notably, the quality of auditing-remains a question that has not been fully addressed in the literature.

2.2. Board size and Corporate tax avoidance

Board size has been widely studied as a determinant of board effectiveness.

Larger boards are often associated with greater diversity in expertise, knowledge, and resources, which can enhance monitoring and decision-making. Resource dependence theory suggests that larger boards provide access to a broader set of skills, external networks, and advice, which may improve oversight of complex financial decisions, including tax planning.

On the other hand, agency theory emphasizes the potential downsides of larger boards. Coordination difficulties, free-rider problems, and weaker accountability can reduce monitoring effectiveness as board size increases. Prior literature documents mixed evidence on the relationship between board size and tax avoidance. Some studies suggest that larger boards are more effective in constraining managerial opportunism, while others argue that larger boards may be less cohesive and more vulnerable to managerial influence.

In the context of tax avoidance, a larger board may reduce monitoring efficiency, thereby allowing managers to engage in aggressive tax strategies (Ali et al., 2024; Pham et al., 2024). However, other studies have found that firms with larger boards tend to exhibit higher levels of tax avoidance, consistent with the notion that larger boards dilute accountability and weaken governance (Anggraenia & Kurniantob, 2020). However, evidence from emerging markets remains limited, and the relationship may be shaped by institutional settings such as ownership structures and regulatory environments. Therefore, we propose the following hypothesis:

Hypothesis 1 (H1): *Board size is positively associated with corporate tax avoidance.*

2.3. Gender diversity and Corporate tax avoidance

Gender diversity on corporate boards has become an important theme in governance research. The makeup of senior leadership, including boards, matters because personal values, prior experiences, and even cognitive styles inevitably shape how decisions are made. Female directors, in particular, are often characterized as more ethical, cautious in risk-taking, and more attuned to stakeholder interests than their male colleagues.

A growing body of research points to these differences. Female directors are generally seen as more inclined toward transparency, regulatory compliance, and a focus on long-term sustainability (García Lara et al., 2017; Putri & Kartika, 2025). In financial reporting, for instance, gender-diverse boards have been linked to lower levels of earnings management, stronger disclosure practices, and greater attention to corporate social responsibility (Krishnan & Parsons, 2008). Extending this reasoning to tax behavior, one might expect female directors to show less support for aggressive tax strategies that could tarnish a firm’s reputation or trigger scrutiny from regulators.

Empirical findings provide some backing for this view. Studies have shown that companies with more women on their boards often exhibit lower levels of tax avoidance, particularly in countries where institutional support for gender equality is strong (Jarboui et al., 2020; Laksono & Handayani, 2024). Still, the evidence from emerging economies remains limited, and cultural norms may play a significant role in shaping these outcomes. Vietnam, where women's participation in corporate leadership is growing yet still lags behind global averages, presents a particularly relevant setting to explore these dynamics. Therefore, we propose the following hypothesis:

Hypothesis 2 (H2): *Gender diversity on the board, measured by the proportion of female directors, is negatively associated with corporate tax avoidance.*

2.4. Board size and tax avoidance under moderating role of audit quality

Beyond internal governance, external monitoring mechanisms such as auditing play a critical role in constraining opportunistic corporate behaviors. High-quality audits enhance the credibility of financial statements, reduce information asymmetry, and strengthen investor confidence. Among audit firms, the Big4 (Deloitte, EY, KPMG, and PwC) are widely regarded as providers of superior audit quality due to their global expertise, advanced methodologies, and stronger reputational concerns.

Big4 auditors face greater litigation and reputational risks, which incentivizes them to enforce stricter compliance with accounting and tax regulations. Consequently, firms audited by Big4 are less likely to engage in aggressive tax avoidance because such auditors discourage high-risk strategies and ensure greater transparency in financial reporting. Previous studies in developed economies consistently show that Big4 clients exhibit lower levels of tax avoidance (Duhoon & Singh, 2023). However, in emerging markets, the evidence remains limited, and the moderating role of Big4 in governance-tax avoidance relationships has received little attention.

As discussed earlier, larger boards may facilitate tax avoidance due to weaker monitoring. However, the presence of a Big4 auditor can counteract this effect. By imposing stricter external monitoring, Big4 auditors may mitigate the tendency of larger boards to allow aggressive tax strategies. In this sense, Big4 auditors serve as a substitute governance mechanism, enhancing accountability and reducing agency problems. We therefore propose the following hypothesis:

Hypothesis 3a (H3a): *The positive association between board size and tax avoidance is weakened when firms are audited by Big4 audit firms.*

2.5. Gender diversity and tax avoidance under moderating role of audit quality

The presence of female directors may already reduce tax avoidance by promoting transparency and ethical decision-making. When combined with Big4 auditors, this effect may be further amplified. Big4 auditors reinforce compliance and ethical standards, which align closely with the values associated with female directors. Thus, gender-diverse boards may be even more effective in constraining tax avoidance when supported by high-quality external audits. Thus, we propose the following hypothesis:

Hypothesis 3b (H3b): *The negative association between gender diversity and tax avoidance is strengthened when firms are audited by Big4 audit firms.*

Overall, based on the above literature, this study develops a conceptual model where board size and gender diversity serve as key board characteristics influencing corporate tax avoidance. Audit quality, proxied by Big4 auditors, is proposed as a moderating factor that shapes these relationships. The model highlights the interaction between internal governance mechanisms (board structure) and external governance mechanisms (audit quality) in determining corporate tax behavior.

3. RESEARCH DESIGN AND DATA

3.1. Data and sample selection

This study employs an unbalanced panel dataset of non-financial firms listed on the Ho Chi Minh Stock Exchange (HOSE) during the period 2015–2020. The initial sample includes all firms with available annual reports and financial statements over the study period. Consistent with prior tax avoidance literature, financial firms (banks, insurance, and securities companies) are excluded due to their unique regulatory environment and tax regimes, which may bias the results.

Data were collected from multiple sources. Financial and accounting data were obtained from FiinPro and audited annual reports. Corporate governance variables, including board size and board gender diversity, were hand-collected from annual reports and corporate governance disclosures. Information on audit firms was obtained from the audit opinion sections of annual reports, allowing us to identify whether a firm was audited by one of the Big4 audit firms (Deloitte, EY, KPMG, and PwC).

The final sample comprises approximately 1,165 firm-year observations after excluding missing values. Winsorization at the 1st and 99th percentiles was applied to all continuous variables to mitigate the influence of outliers, which is common in tax and accounting data.

Table 1. Sample selection process

	Observations
Initial sample from 2015 to 2020	2,148
Less: Financial institutions	306
Less: Firm years with insufficient or missing data	677
Final sample	1,165

3.2. Variable measurement

3.2.1. Dependent variable: Corporate tax avoidance

Consistent with prior studies (Kim & Im, 2017; Lee & Kao, 2018), we measure tax avoidance using two widely adopted proxies.

Effective Tax Rate (ETR):

$$\text{ETR} = \frac{\text{Total tax Expense}}{\text{Pretax income}}$$

A lower ETR indicates greater tax avoidance. To improve interpretability, we define Tax Avoidance = 1 – ETR, so higher values represent higher levels of avoidance.

Book-tax differences (BTD):

$$\text{BTD} = \frac{\text{Pretax Accounting Income} - \text{Taxable Income}}{\text{Total assets}}$$

Larger BTDs are interpreted as higher tax avoidance, as they capture discrepancies between accounting income and taxable income.

3.2.2. Independent Variables

Board Size (BSIZE): The total number of directors serving on the board at the end of fiscal year *t*.

Gender Diversity (FEM): Measured as the proportion of female directors on the board at year *t*, calculated as:

3.2.3. Moderator variable

Big4 Audit (BIG4): A dummy variable equal to 1 if the firm is audited by a Big4 audit firm in year t, and 0 otherwise.

3.2.4. Control variables

To reduce omitted variable bias, several control variables are included based on prior literature:

Firm Size (SIZE): Natural logarithm of total assets. Larger firms may have more resources for tax planning but also face more scrutiny.

Profitability (ROA): Return on assets, measured as net income divided by total assets. Profitable firms may have stronger incentives to avoid taxes.

Leverage (LEV): Total debt divided by total equity. Highly leveraged firms may benefit from interest tax shields, reducing the need for avoidance.

Tangibility (TANG): Net fixed assets divided by total assets, controlling for asset structure.

Industry and Year Dummies: To capture unobservable industry- and time-specific effects.

3.3. Model specification

To test the hypotheses, we employ panel regression models with firm and year fixed effects to control for unobserved heterogeneity across firms and macroeconomic shocks over time. The baseline model is specified as follows:

$$TAXit = \alpha 0 + \alpha 1BSIZEit + \alpha 2FEMit + \alpha 3BIG4it + \alpha 4TANGit + \alpha 5SIZEit + \alpha 6ROAit + \alpha 6LEVit + \alpha 7YEARi + \alpha 8FIRMt + \varepsilon it \quad (1)$$

Where:

TAX = tax avoidance measure (BTD and ETR).

FIRM = firm fixed effects

YEAR = year fixed effects

εit = error term

In Model 1, we expect α_1 to be positive and significant, suggesting that larger boards (BSIZE) will be associated with higher levels of tax avoidance, thereby supporting Hypothesis 1. α_2 is expected to be significantly negative, meaning higher female representation (FEM) will be associated with lower levels of tax avoidance, supporting hypothesis 2.

To test H3a and H3b, interaction terms are introduced:

$$TAXit = \beta 0 + \beta 1BSIZEit + \beta 2FEMit + \beta 3BIG4it + \beta 4BSIZEit^{*} BIG4it + \beta 5FEMit^{*} BIG4it + \beta 6TANGit + \beta 7SIZEit + \beta 8ROAit + YEARi + FIRMt + \varepsilon it \quad (2)$$

In Model 2, $\beta 4$ captures whether Big4 moderates the relationship between board size and tax avoidance (H3a). We expect that Big4 auditors will weaken the positive effect of board size on tax avoidance ($\beta 4 < 0$). Meanwhile, $\beta 5$ captures whether Big4 moderates the relationship between gender diversity and tax avoidance (H3b). If β5 < 0, Big4 auditors will strengthen the negative effect of gender diversity on tax avoidance (supporting H3b).

4. EMPIRICAL RESULTS

4.1 Descriptive statistics

Table 2 presents descriptive statistics of the main variables used in the study. Following prior studies (Chen et al., 2010; Dyreng et al., 2010), financial variables are winsorized at the 1st and 99th percentiles to mitigate the influence of outliers.

The mean book-tax difference (BTD) is 0.02, consistent with prior studies in emerging markets. The average tax avoidance, measured as 1–ETR, is 0.84, indicating that on average firms pay an effective tax rate of approximately 16% of the statutory rate, lower than the statutory tax rate of 20%, reflecting the effects of tax incentives, refunds, and differences in the recognition of current taxes; negative values still exist in some cases due to losses or tax refunds. Board size (BSIZE) averages 6 members, ranging from a minimum of 1 to a maximum of 13, reflecting the relatively small board structures typical of Vietnamese listed firms.

Female representation (FEM) on boards is relatively low, with a mean of 16%, and about 42% of firm-year observations have no female directors at all. The proportion of firms audited by Big4 auditors (BIG4) is 35%, which is low but reflects the gradual penetration of international audit firms into Vietnam.

Control variables indicate that the average firm size (SIZE) corresponds to total assets of approximately VND 1,600 billion. Leverage (LEV) averages 1.18, meaning that the firms under study, in general, finances their assets with more debt than equity. Meanwhile profitability (ROA) is 8%.

Table 2. Descriptives statistics

Statistic	**N**	**Mean**	**St. Dev.**	**Min**	**Median**	**Max**
BTD	1,165	0.02	1.06	-4.42	-0.20	12.81
ETR	1,165	0.84	0.19	0.13	0.83	1.31
BSIZE	1,165	5.99	1.57	1	5	13
FEM	1,165	0.16	0.18	0.00	0.14	1.00
BIG4	1,165	0.35	0.48	0	0	1
SIZE	1,165	28.10	1.37	25.10	27.96	32.51
LEV	1,165	1.18	1.15	-4.83	0.85	8.43
ROA	1,165	0.08	0.09	-0.36	0.06	0.72
TANG	1,165	9.75	0.47	5.32	9.68	11.39

4.2. Correlation matrix and multicollinearity

Table 3 presents the Pearson correlation coefficients. Board size is positively correlated with tax avoidance (0.13 and 0.1), while gender diversity is negatively correlated with tax avoidance (–0.01). Big4 audit shows a negative correlation with tax avoidance (–0.29 and 0.31), suggesting higher audit quality reduces avoidance.

Table 3. The Pearson correlation coefficients

	BTD	ETR	BSIZE	FEM	BIG4	SIZE	LEV	ROA
ETR	0.74***							
BSIZE	0.13***	0.10***						
FEM	-0.01	0.04	0.05					
BIG4	-0.29**	-0.31***	0.19***	0.04				
SIZE	0.36***	0.20***	0.27***	0.06*	0.33***			
LEV	-0.10***	-0.08**	0.05	-0.04	0.02	0.37***		
ROA	0.32***	0.07*	0.05	0.00	0.11***	-0.09**	-0.40***	
TANG	0.23***	0.08**	0.11***	0.03	0.18***	0.23***	-0.06*	0.42***

Note : $^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

Furthermore, Variance Inflation Factors (VIFs) are all below 2.5 (not tabulated), indicating no serious multicollinearity problems among explanatory variables.

4.3. Baseline regression results

Table 4 presents the regression results. We conduct pooled OLS regressions with panel data. Both measures of tax avoidance (BTD and ETR) are used in our models. In table 4, part A shows the baseline model results, while part B reveals our results on testing the moderating effects.

The results in Part A – Table 4 reveal that board size (H1) is positively and significantly associated with tax avoidance (β = 0.012, p < 0.1). This suggests that firms with larger boards tend to engage in greater tax avoidance, consistent with the view that coordination problems and diluted responsibility within larger boards weaken monitoring effectiveness and enable more aggressive tax planning. The finding is consistent with Pham et al. (2024), suggesting that board size are positively related to tax avoidance in listed Vietnamese firms.

With respect to gender diversity (H2), the coefficient of female board representation (FEM) is negative and statistically significant (β = –0.292, p < 0.1). This finding indicates that greater female participation on boards reduces tax avoidance, supporting the argument that female directors contribute ethical standards and risk-averse orientations to board decision-making. The finding is supported by Putri & Kartika (2025), who analyzed Indonesian manufacturing companies from 2021-2023 and found that gender diversity significantly reduce tax avoidance in another country.

Regarding audit quality, Big4 auditors (BIG4) are negatively and significantly related to tax avoidance (β = –0.210, p < 0.01), confirming that firms audited by Big4 audit firms exhibit lower levels of tax avoidance, consistent with the role of high-quality external monitoring in constraining opportunistic tax practices.

The control variables generally behave as expected: larger firms (SIZE) are more likely to avoid taxes, more profitable firms (ROA) engage in more aggressive avoidance strategies, whereas highly leveraged firms (LEV) display lower avoidance, likely due to the availability of debt-related tax shields.

Table 4. Regression Results (BTD and ETR-based measure)

	Part A - Baseline model results		Part B - Moderation results with Interaction terms	
Dependent variable	**BTD**	**ETR**	**BTD**	**ETR**
BSIZE	0.012*	0.002	0.056**	0.012
	(0.019)	(0.016)	(0.024)	(0.020)
FEM	-0.292*	0.102	-0.183	0.011
	(0.162)	(0.135)	(0.197)	(0.165)
BIG4	-0.210***	0.043	-0.406*	0.161
	(0.063)	(0.053)	(0.238)	(0.199)
BSIZE*BIG4			-0.114***	-0.028
			(0.037)	(0.031)
FEM*BIG4			-0.457*	-0.304
			(0.334)	(0.280)
SIZE	0.321***	0.048**	0.319***	0.049**
	(0.024)	(0.020)	(0.024)	(0.020)
LEV	-0.072**	-0.044*	-0.068**	-0.045*
	(0.028)	(0.023)	(0.028)	(0.023)
TANG	-0.021	0.049	-0.032	0.053
	(0.064)	(0.053)	(0.063)	(0.053)
ROA	2.556***	-0.057	2.641***	-0.086
	(0.353)	(0.295)	(0.353)	(0.296)
Constant	-8.982***	-1.947***	-8.542***	-2.068***
	(0.828)	(0.692)	(0.837)	(0.702)
Observations	1,165	1,165	1,165	1,165
R^2	0.233	0.055	0.240	0.056
Adjusted R^2	0.220	0.039	0.226	0.039
F Statistic	18.267***	3.474***	17.148***	3.228***

*Note: *p<0.1; **p<0.05; ***p<0.01*

4.4. Moderation analysis

To test H3a and H3b, interaction terms between board characteristics and Big4 audit engagement were included in the regression models. The results, reported in Part B of Table 4, provide evidence of significant moderating effects.

For board size × Big4 (H3a), the interaction coefficient is negative and statistically significant (β = –0.114, p < 0.01). This finding indicates that the positive association between board size and tax avoidance is attenuated when firms are audited by Big4 auditors. In other words, high-quality external monitoring appears to mitigate the governance inefficiencies of larger boards that otherwise facilitate aggressive tax behavior.

With respect to gender diversity × Big4 (H3b), the interaction term is also negative and statistically significant ($\beta = -0.457$, $p < 0.1$). This suggests that the mitigating effect of female board representation on tax avoidance is further strengthened in the presence of Big4 auditors. The result implies a complementary relationship: the ethical orientation and transparency brought by female directors are reinforced by the stringent oversight of high-quality auditors, jointly constraining tax avoidance practices.

Overall, the empirical evidence provides consistent support for the proposed hypotheses. Specifically, larger boards are found to be positively associated with tax avoidance, while gender diversity on boards significantly constrains such practices. Furthermore, the moderating analyses reveal that Big4 auditors attenuate the positive relationship between board size and tax avoidance, while amplifying the negative effect of gender diversity. Taken together, these findings underscore the complementary roles of internal board characteristics and external audit quality in shaping firms' tax strategies, thereby highlighting the critical interplay between governance mechanisms in emerging market contexts.

5. DISCUSSION AND CONCLUSION

5.1. Discussion of findings

This study investigates how board size and gender diversity influence corporate tax avoidance, and how these effects are moderated by audit quality, proxied by Big4 auditors, in the context of Vietnam between 2015 and 2020. Several interesting insights emerge.

First, board size is positively associated with tax avoidance. This finding supports the "coordination and monitoring cost" perspective, which suggests that larger boards suffer from collective action problems, diluted responsibility, and weaker oversight. These weaknesses may enable managers to pursue aggressive tax strategies without sufficient board scrutiny. Our finding is consistent with prior studies in developed economies (Lanis & Richardson, 2011; Xie et al., 2003) and in developing economies (Hoseini et al., 2019), but is particularly noteworthy in Vietnam, where boards are typically smaller than those in the West. Even within this relatively small range, board size appears to matter significantly.

Second, gender diversity is negatively associated with tax avoidance. Firms with more female directors are less likely to engage in aggressive tax planning. This finding resonates with the growing literature on gender and corporate governance, which argues that female directors bring ethical values, long-term perspectives, and higher risk aversion to board decision-making (Adams & Ferreira, 2009). The Vietnamese context provides further support to this theory, suggesting that even modest increases in female board representation (from very low baselines) can meaningfully shape corporate behavior.

Third, audit quality plays a critical moderating role. Specifically, Big4 auditors weaken the positive relationship between board size and tax avoidance. This suggests that strong external monitoring from reputable auditors can compensate for internal governance weaknesses, aligning with the complementary governance theory. At the same time, Big4 auditors strengthen the negative relationship between gender diversity and tax avoidance. This indicates that external monitoring and internal ethical orientations reinforce each other, producing a synergistic effect. Together, these results highlight the importance of considering governance as a system of multiple, interacting mechanisms, rather than isolated factors.

5.2. Theoretical contributions

This study advances the literature in three important directions. First, it adds evidence from Vietnam, an emerging market with distinct institutional settings such as high state ownership, relatively small boards, and developing audit markets. In doing so, it extends the applicability of corporate governance theories beyond developed economies. Second, instead of focusing solely on board independence as in much prior research, this study emphasizes board size and gender diversity, showing that these characteristics also play a crucial role in shaping firms' tax strategies. Finally, by examining the interaction between board features and audit quality, the study demonstrates how internal and external governance mechanisms jointly influence tax avoidance. This perspective enriches the governance literature by illustrating both complementary and substitutive effects between boards and auditors.

5.3. Conclusion

This study examines the role of board size, gender diversity, and audit quality in shaping corporate tax avoidance in Vietnam during 2015–2020. We find that larger boards are associated with higher tax avoidance, while greater female representation reduces tax avoidance. Importantly, Big4 auditors moderate these relationships by constraining the board size effect and amplifying the influence of gender diversity.

The findings contribute to governance and tax research by highlighting the interplay between internal and external governance mechanisms in an emerging market setting. Practically, they underline the importance of promoting gender diversity, carefully designing board structures, and strengthening audit quality as means of enhancing corporate transparency and accountability.

Ultimately, this study underscores the critical role of governance in shaping firms' tax behavior, with implications for policymakers, firms, auditors, and investors alike. By advancing both theory and practice, it provides a foundation for future research and policy reforms aimed at promoting ethical and sustainable corporate practices in Vietnam and beyond.

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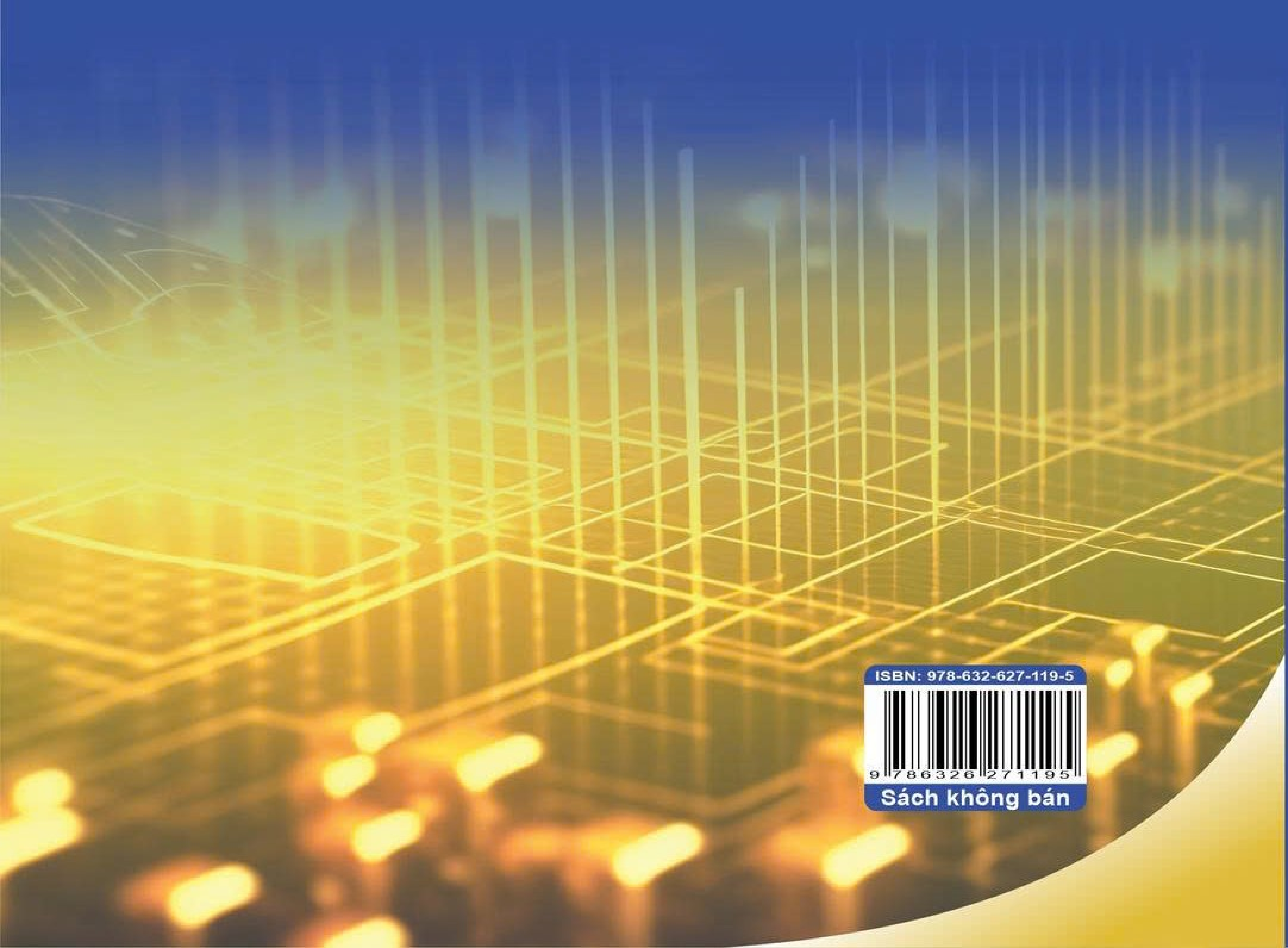

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