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Original Article

The Role of Financial Constraints in the Influence of Academic Experts and Corporate Governance on Tax Avoidance

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Abstract

The tension among tax efficiency and governance integrity poses a critical challenge for firms operating in emerging markets with weak enforcement environments. The purpose of this study is to explore the impact of academic experts and Corporate Governance on corporate tax avoidance, together with the moderating role played by financial constraints. Panel data from manufacturing firms listed on the Indonesia Stock Exchange from 2020 to 2024 are analyzed using a quantitative approach. The sample consists of 51 firms with 255 observations selected through purposive sampling. The analysis is conducted using a Fixed Effects Model (FEM) with an Estimated Generalized Least Squares (EGLS) approach. The results show that academic experts and corporate governance do not have a significant effect on tax avoidance. Financial constraints have a positive and significant effect on tax avoidance. Furthermore, financial constraints moderate the relationship between academic experts and tax avoidance at the 10% significance level, with a positive direction. This finding indicates that under financial pressure, academic experts tend to support the optimization of corporate tax strategies. In contrast, financial constraints do not moderate the relationship between corporate governance and tax avoidance. These findings suggest that financial factors play a more dominant role than governance mechanisms in determining corporate tax avoidance behavior.

Keywords: Academic Experts, Corporate Governance, Financial Constraints, Panel Data, Tax Avoidance.

1. Introduction

Tax avoidance is one of the strategic decisions of companies that sits at the intersection of financial efficiency and governance risk. Conceptually, this practice is legal and can improve company cash flow through savings on tax burdens. However, excessively aggressive tax avoidance tactics may also lead to adverse outcomes for a company. These include higher agency costs, diminished transparency, and greater exposure to reputational risk (Fitriyah, 2024; Hanlon & Heitzman, 2010). Therefore, the effectiveness of corporate governance mechanisms in overseeing tax policies has become an important issue in the accounting and finance literature (Richardson & Lanis, 2007).

In a developing country context like Indonesia, the relevance of this issue grows because external supervision and legal enforcement are not as strong as they are in more developed economies (Callista & Susanty, 2022; Puspitasari et al., 2021). The tax-to-Gross Domestic Product ratio, which still stands at around 10 to 11 percent, indicates that tax compliance challenges remain significant. Under Indonesia's two tier governance framework, the board of commissioners functions as the key oversight mechanism. Its role is to guarantee that managerial decisions, such as those concerning tax strategies, align with the enduring interests of the firm and its stakeholders (Aguilera & Jackson, 2010).

Previous research has shown that corporate governance, as reflected in board characteristics such as independence, size, and expertise, plays an important role in influencing tax avoidance behavior. Strong governance mechanisms tend to be able to limit aggressive tax avoidance practices by enhancing monitoring functions and management accountability (Adzra & Kurniawati, 2025). However, most scholarly work still prioritizes the structural aspects of governance. Meanwhile, relatively little focus has been given to how individual traits of board members can influence the quality of decisions.

The presence of academic experts on the board of commissioners is a characteristic that has received very little research attention. Academic experts generally have a higher level of independence from business networks and possess sensitivity to ethical risks and professional reputation. In addition, the analytical background and long-term orientation inherent in the academic profession has the potential to influence how they evaluate the company's strategic decisions, including tax policies. Thus, the presence of academic experts can strengthen the effectiveness of governance in controlling tax avoidance practices.

On the other hand, the effectiveness of governance cannot be separated from the financial condition of the company. Companies facing financial constraints have greater incentives to maintain internal liquidity, including through tax avoidance practices. This condition can encourage management to adopt more aggressive tax policies. However, financial pressure also increases reputational risk and dependence on external financing, so companies are required to maintain their credibility in the eyes of investors.

In such a situation, strong corporate governance, including the presence of academic experts on the board of commissioners, becomes increasingly crucial (Arifin et al., 2023). Because academic experts tend to prioritize reputation and ethics, they are well positioned to reconcile immediate efficiency needs with the company's enduring sustainability. Therefore, financial constraints are presumed not only to directly influence the level of tax avoidance, but also to moderate the effectiveness of governance and the role of academic experts in controlling such practices.

Within the corporate governance literature, research on board attributes reveals that having academic members contributes favorably to firm performance. White et al. (2014) found that directors with academic backgrounds are correlated with increased company value, while Wang (2020) showed that professors on boards are able to drive innovation through improved decision-making quality. In the Indonesian context, Arifin et al. (2023) also confirmed that the presence of academics on the board contributes to increased company value. Nevertheless, most of these studies still focus on aggregate company performance, so they have not extensively examined the role of academics in more specific and high-risk strategic decisions, such as tax policy (Wulandari & Nilasari, 2023). On the other hand, the corporate governance literature shows that effective oversight mechanisms have the potential to limit tax avoidance practices, but the empirical findings produced still show inconsistency, indicating that the effectiveness of governance is contextual.

One contextual factor presumed to influence this relationship is financial constraints. Edwards et al. (2015) showed that companies facing financial constraints have greater incentives to achieve tax savings in order to maintain internal liquidity, but on the other hand also face pressure to maintain reputation and credibility in the eyes of investors, thereby creating a trade-off in tax policy. Although the relationship between financial constraints and tax avoidance has begun to be explored, studies that integrate the role of board characteristics, particularly the presence of academic experts, with financial constraint conditions in influencing tax avoidance remain limited. Furthermore, the dominance of studies in developed countries has resulted in a scarcity of empirical evidence in the context of

developing countries, including Indonesia. Therefore, this study fills that gap by examining the role of academic experts on the board of commissioners regarding tax avoidance and the moderating role of financial constraints in that relationship.

Several research gaps emerge from the previous discussion. The role played by corporate governance and academic experts in shaping tax avoidance represents a specific research gap. Another gap concerns the way financial constraints moderate this relationship. Accordingly, this research aims to assess the impact of corporate governance and academic experts on tax avoidance. Furthermore, it seeks to evaluate the moderating function of financial constraints, using a sample of manufacturing companies listed on the Indonesia Stock Exchange from 2020 through 2024.

2. Literature Review

2.1. Agency Theory

The separation of ownership from control in today's corporations can lead to conflicting interests between principals (shareholders) and agents (management), a situation that agency theory helps to explain (Jensen & Meckling, 1976). Management has greater access to information than shareholders and therefore has the potential to make decisions that are not fully aligned with the interests of the company's owners. Agency conflict in taxation emerges when managers face incentives to avoid taxes (DeAngelo & Masulis, 1980). Such behavior allows them to increase earnings after taxes or fulfill particular performance objectives. Although such practices can provide short-term benefits, aggressive tax avoidance strategies can also increase reputational risk, legal uncertainty, and higher agency costs.

To minimize these conflicts, firms put corporate governance tools in place. The board of commissioners, serving as an oversight organ, represents one example. The board of commissioners is tasked with monitoring management policies, including tax strategies, to ensure they remain within acceptable risk boundaries. Therefore, the effectiveness of corporate governance is highly dependent on the quality and characteristics of board members in performing their supervisory function. However, the effectiveness of this oversight mechanism is not always constant. Under certain conditions, such as when a company faces financial constraints, pressure to maintain liquidity can encourage management to make more opportunistic decisions, including increasing tax avoidance practices. In this situation, the ability of corporate governance to control management behavior becomes increasingly important, but also potentially weakened by the economic pressures faced by the company.

2.2. Resource Dependence Theory and Upper Echelon Theory

In addition to functioning as an oversight mechanism, the board of commissioners also plays the role of a provider of strategic resources for the company. Resource dependence theory states that the board can provide access to knowledge, legitimacy, and external networks that support the company's sustainability (Pfeffer & Salancik, 2003). In tax matters, a board comprising members with different backgrounds can sharpen both the analysis and the decision making processes tied to corporate tax strategy (Mardiani et al., 2025). Upper echelon theory adds that factors unique to each decision maker, like level of education and prior work experience, ultimately affect the strategic options an organization pursues (Hambrick & Mason, 1984). Different cognitive orientations will produce different perceptions of risk and opportunity, including in evaluating tax avoidance policies.

In this regard, the presence of academic experts on the board of commissioners becomes interesting to examine. Academic experts generally have a long-term orientation, higher

independence, and sensitivity to ethical aspects and professional reputation. These characteristics can encourage them to be more cautious in responding to high-risk tax avoidance practices. On the other hand, in conditions where a company experiences financial constraints, pressure to maintain cash flow can increase management's tendency to engage in tax avoidance. In such situations, the role of academic experts becomes increasingly important because they can act as a counterbalance between short-term efficiency needs and the long-term sustainability of the company. Thus, financial constraints not only directly influence the level of tax avoidance, but also potentially moderate the influence of board characteristics, particularly the presence of academic experts, on the company's tax policy.

2.3. Hypothesis Development

Agency theory suggests that corporate governance acts as a control mechanism. Its purpose is to curb managerial opportunism, which extends to practices involving tax avoidance. Strong governance systems improve oversight and responsibility, which in turn lessens the inclination of firms to pursue aggressive tax avoidance. Based on this reasoning, the hypothesis is proposed as follows.

H1: Corporate governance has a negative effect on tax avoidance

The presence of academic experts on the board of commissioners can improve the quality of oversight through independence, analytical orientation, and sensitivity to reputational risk. In line with resource dependence theory and upper echelon theory, an academic background provides a more objective and long-term oriented perspective in strategic decision-making. Thus, the presence of academic experts is expected to limit tax avoidance practices. Therefore:

H2: The presence of academic experts on the board of commissioners has a negative effect on tax avoidance

Financial constraints reflect the company's limitations in obtaining external financing, thereby increasing pressure to maintain liquidity through cash savings, including tax avoidance. Under these conditions, economic pressure can weaken the effectiveness of governance mechanisms in controlling management behavior. Therefore:

H3: Financial constraints weaken the negative effect of corporate governance on tax avoidance

On the other hand, under conditions of financial constraints, reputational risk and the need to maintain company credibility become increasingly important. Academic experts who have a long-term orientation and sensitivity to reputation tend to play a stronger role in limiting high-risk decisions. Therefore:

H4: Financial constraints strengthen the negative effect of academic experts on the board of commissioners on tax avoidance

It is worth noting that H3 and H4 propose opposing moderating directions, and this divergence is theoretically intentional. Corporate governance operates through formal monitoring mechanisms that can be overridden by short-term liquidity pressures under financial constraints, thereby weakening its restraining effect on tax avoidance. Academic experts, however, exercise oversight through professional reputation and ethical orientation rather than formal authority alone. Financial pressure heightens reputational stakes, which activates rather than diminishes their restraining influence. This distinction justifies the opposing moderating effects proposed in H3 and H4.

3. Methods

An explanatory quantitative approach is adopted for this research. The goal is to examine both the influence of academic experts and governance on tax avoidance and the way financial constraints moderate this relationship (Sugiyono, 2019). The dataset comprises panel data sourced from manufacturing companies registered on the Indonesia Stock Exchange during the years 2020 through 2024.

3.1. Population and Sample

All manufacturing firms listed on the Indonesia Stock Exchange form the research population. The sample was chosen through purposive sampling according to the following requirements. Each company must have been listed continuously across the 2020 to 2024 period. Additionally, it must have released audited financial statements, supplied complete data, and shown positive earnings before tax. These selection criteria produced 51 companies and 255 observations from a balanced panel. The final sample covers five industrial sectors: Basic Materials, Consumer Cyclicals, Consumer Non Cyclicals, Healthcare, and Industrials.

3.2. Type and Source of Data

Secondary data for this research came from annual reports and financial statements. The authors obtained these materials from the Indonesia Stock Exchange's official portal as well as from each company's own website.

3.3. Definition and Measurement of Variables

3.3.1. Dependent Variable

Tax avoidance (TAV) is measured using the Cash Effective Tax Rate (CETR) transformed as follows:

$$TAV_{it} = 1 - \frac{\text{CASH TAX PAID}_{i,t}}{\text{Pre} - \text{Taxincome}_{i.t}}$$

3.3.2. Independent Variables

Corporate governance is measured using a composite index reflecting three main dimensions, namely board independence, external audit quality, and ownership structure. The index is calculated as follows:

$$\text{GOV}_{i,t} = \frac{1}{3}\text{INDEP}_{i,t} + \frac{1}{3}AUDIT_{i,t} + \frac{1}{3}(1 - \text{OWNCON}_{i,t})$$

To measure the presence of academic experts (RACD), the study employs a dummy variable. It assigns a score of 1 if at least one commissioner holds an academic background, whereas a score of 0 indicates no such commissioner.

3.3.3. Moderating Variable

Financial constraints (FC) are measured using the SA Index (Hadlock & Pierce, 2010):

$$SA_{i,t} = -0.737 \times SIZE_{i,t} + 0.043 \times Size_{it}{}^{2} - 0.040 \times Age_{i,t}$$

A higher SA value indicates a greater level of financial constraints.

3.3.4. Control Variables

Three control variables are included in this study, namely leverage (LEV), profitability (ROA), and firm size (SIZE). To compute LEV, total debt is divided by total assets. ROA is measured as pre tax earnings relative to total assets. For SIZE, the natural logarithm of total assets is used.

4. Results and Discussion

4.1. Research Results

4.1.1. Descriptive Statistics

To give a broad picture of the research data's attributes, descriptive statistics for all study variables are shown below.

Table 1. Descriptive Statistics Results

Variable	N	Mean	Std. Dev.	Minimum	Maximum
TAV	255	0.7519	0.1366	0.1522	0.9792
GOV	255	0.4602	0.1730	0.1394	0.7323
RACD	255	0.2196	0.4148	0.0000	1.0000
FC	255	-2.7052	1.1009	-5.0715	0.2482
LEV	255	0.3138	0.1638	0.0632	0.8497
ROA	255	0.1337	0.0931	0.0153	0.4335
SIZE	255	15.8767	1.7170	12.6472	19.9713

Source: Data processed by the author (2026)

Table 1 provides descriptive statistics covering all research variables. With a mean value of 0.7519 and a standard deviation of 0.1366, the tax avoidance variable (TAV) reveals that companies in the sample typically pursue tax avoidance at a fairly high level. The fairly wide range of values, from 0.1522 to 0.9792, indicates the existence of heterogeneity in tax avoidance behavior across companies. This reflects that decisions related to tax policy are greatly influenced by the internal characteristics of each company.

A mean value of 0.4602 and a standard deviation of 0.1730 for the governance variable (GOV) point to moderate quality of corporate governance in the sample alongside reasonably large variation. The variable for academic experts on the board of commissioners (RACD) yields a mean of 0.2196. Accordingly, only roughly 21.96 percent of companies have academics serving on their boards, so the presence of such experts stays relatively low. With a mean of negative 2.7052 and a standard deviation of 1.1009 for the FC variable, the data indicate that high financial constraints are not typical for most firms. Nevertheless, substantial variation across companies continues to exist.

Furthermore, the control variables show diverse characteristics. Leverage (LEV) has a mean value of 0.3138, indicating that the financing structure of companies tends to still be dominated by equity compared to debt, although there are companies with fairly high leverage levels. The profitability proxy, ROA, records a mean of 0.1337, which reflects a fairly strong level of profit generation among the companies. For the firm size variable (SIZE), the mean is 15.8767 with a standard deviation of 1.7170. These statistics confirm that the sample contains variation in firm size, covering companies that range from small to large in scale. The variation in these variables indicates that the research sample is sufficiently representative in capturing differences in company characteristics, thereby enabling a more comprehensive analysis of the relationships between variables.

4.1.2. Selection of Estimation Model and Classical Assumption Tests

1) Selection of Estimation Model

Table 2. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	14.624783	(50,196)	0.0000

The Chow Test results reported in Table 2 provide a probability value of 0.0000, below the 0.05 alpha level. This outcome rejects the null hypothesis that the Common Effect Model (CEM) is more appropriate than the Fixed Effect Model (FEM). Rejection of the null shows that cross section units have significantly different characteristics, making the Fixed Effect Model (FEM) the superior choice for estimation. An F statistic of 14.624783 with degrees of freedom (50,106) provides additional evidence that individual effects are not redundant but rather contribute substantially to the model. Therefore, FEM is selected because it is able to accommodate unobserved heterogeneity in each cross-section, thereby producing more accurate and reliable estimates.

Table 3. LM Test Results

Effects Test	Cross-section	Time	Both
Breusch-Pagan	55.06548 (0.0000)	1.191447 (0.2750)	56.25692 (0.0000)

Table 3 reports the Lagrange Multiplier (LM) Test results, where the Breusch Pagan probability for the cross section effect is 0.0000. As this figure is less than the 0.05 alpha level, the null hypothesis (H0) is rejected. That hypothesis had favored the Common Effect Model (CEM) by asserting no effect. Consequently, the Random Effect Model (REM) is deemed more suitable than CEM due to its ability to capture differences among cross sectional units. Meanwhile, although the time effect is not significant, as shown by a probability value of 0.2750 (above 0.05), the joint test for both dimensions yields a probability of 0.0000, confirming overall significance. Therefore, having established REM as the model to proceed with, the next step is to run the Hausman Test. By running this test, we can decide whether the Fixed Effect Model (FEM) or the Random Effect Model (REM) offers the better fit. By doing so, the analysis can determine which estimation model yields the highest levels of consistency and efficiency.

Table 4. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	34.447021	8	0.0000

As shown in Table 4, the Hausman Test yields a probability value of 0.0000, lower than the 0.05 alpha level. The null hypothesis (H0) favoring the Random Effect Model (REM) is therefore rejected, and the alternative hypothesis (H1) is accepted. Hence, the Fixed Effect Model (FEM) becomes the preferred choice. The significant difference between REM and FEM estimates is further supported by the Chi Square statistic of 34.447021 (8 degrees of freedom). Such a result suggests that individual effects correlate with the independent variables. Therefore, FEM offers greater consistency and more valid estimates compared to REM, making it appropriate for subsequent analysis.

2) Classical Assumption Tests

Table 5. Multicollinearity Test Results

VIF_GOV_S	VIF_RACD_S	VIF_FC_S	VIF_GOVF...	VIF_RACD...	VIF_LEV_S	VIF_ROA_S	VIF_SIZE_S
1.513111	1.631529	3.111882	1.694655	2.451216	1.616157	1.275663	3.395196

As reported in Table 5, the multicollinearity test shows that all independent variables produce VIF scores in a relatively limited low band, specifically between roughly 1.27 and 3.40. These values are still below the general threshold (VIF < 10), even approaching 1, indicating that the relationships between independent variables are not highly correlated with each other. Thus, this finding indicates that the regression model is free from multicollinearity problems. It should be clarified that the appropriate criterion is not "VIF below 0" but rather "VIF below 10" (or more conservatively < 5). Therefore, the model is suitable for further analysis because the classical assumption related to multicollinearity has been satisfied.

Table 6. Autocorrelation Test Results

Statistic	Value	Statistic	Value
R-squared	0.893712	Mean dependent var	1.415588
Adjusted R-squared	0.862259	S.D. dependent var	1.400410
S.E. of regression	0.095873	Sum squared resid	1.801546
F-statistic	28.41447	Durbin-Watson stat	2.243902
Prob(F-statistic)	0.000000		

As shown in Table 6, the Autocorrelation Test yields a Durbin Watson statistic of 2.2439. Since this result is near 2, it indicates that the regression model lacks autocorrelation. In general, a Durbin-Watson value approaching 2 indicates the absence of serial correlation, whether positive or negative, among the residuals. Thus, it can be concluded that the Fixed Effect Model (FEM) used has satisfied the classical assumption related to autocorrelation, so the estimation results obtained can be considered reliable for further analysis.

4.1.3. Heteroscedasticity Test

Based on the results of the heteroscedasticity test, model estimation was carried out using the Panel EGLS (cross-section weights) method with the dependent variable TAV under the Fixed Effect Model (FEM) approach. The use of this EGLS method aims to address heteroscedasticity problems characterized by unequal residual variance across cross-section units. Through the application of weighting, the model is able to adjust for these variance differences, thereby producing more efficient estimates with the BLUE (Best Linear Unbiased Estimator) property. Thus, the heteroscedasticity problem in the model has been adequately handled. Consequently, the estimation results can be employed more reliably for subsequent analysis and for testing hypotheses.

4.1.4. Panel Data Regression Results

This research applied panel data regression within the Fixed Effects Model (FEM) to assess the impact of both the independent variables and the moderating variable. For estimation, the EGLS procedure with cross section weights was used.

Table 7. Moderation Effect Regression Results

Variable	Coefficient	t-Statistic	p-Value
Constant	2.8235	5.5096	0.0000***
GOV	-0.0273	-0.2233	0.8235
RACD	0.0055	0.2635	0.7925
FC	0.2049	2.6540	0.0086***
GOV × FC	0.1342	1.1528	0.2504
RACD × FC	0.0214	1.6903	0.0926*
LEV	0.1706	2.1930	0.0295**
ROA	0.6735	5.9010	0.0000***
SIZE	-0.1403	-4.3889	0.0000***

Statistic Model	Value	Statistic Model	Value
R^2	0.8937	R^2	0.8937
F- Statistic	28.4145 (0.0000***)	F- Statistic	28.4145 (0.0000***)

*Note: *** p<0.01, ** p<0.05, * p<0.10. Company and year fixed effects are included in all models.*

Looking at the Table 7, panel data regression estimation was performed using the Fixed Effects Model (FEM) with the EGLS (cross section weights) approach. This procedure was designed to evaluate both direct and moderating effects in the proposed model. The model performs very strongly, shown by an R squared of 0.8937. Thus, roughly 89.37 percent of the variation in the dependent variable (TAV) is accounted for by the independent variables. Additionally, an F statistic of 28.4145 accompanied by a 0.0000 significance level indicates that the model is simultaneously significant and fit for interpretation.

Looking at partial effects, neither GOV nor RACD demonstrates a statistically significant impact on TAV, as shown by their p values of 0.8235 and 0.7925. In contrast, FC shows a positive and significant effect at the 1 percent significance level (p value 0.0086). Thus, higher FC corresponds to higher TAV values. In testing the moderation effects, the GOV x FC interaction is not significant (p-value 0.2504), so FC does not moderate the relationship between GOV and TAV. At the 10 percent significance threshold, the interaction between RACD and FC is significant, with a p value of 0.0926. Hence, FC has a weak moderating effect on how RACD influences TAV.

For the control variables, LEV exerts a positive significant influence at the 5 percent threshold (p value 0.0295). ROA produces a similarly positive effect but with very strong significance at the 1 percent level (p value 0.0000). By comparison, SIZE shows a negative significant effect at the 1 percent level (p value 0.0000), indicating that an increase in firm size reduces the TAV value in this model. To conclude, the model is significant overall and also reveals the important roles played by several variables, including partial moderating effects, in explaining TAV variation.

4.2. Discussion

4.2.1. Effect of Governance on Tax Avoidance

Corporate governance does not significantly influence tax avoidance, according to the findings. This result is inconsistent with agency theory, which predicts that stronger governance constrains opportunistic managerial behavior including tax avoidance, and contradicts prior studies such as Lanis and Richardson (2011) who found board independence to be negatively associated with tax aggressiveness. One possible explanation is that tax decisions are technical in nature and largely reside at the management level, so the role of the board of commissioners tends to be limited to general oversight. Beyond this, the governance index employed may not fully capture the actual effectiveness of board oversight, as structural proxies such as board size and independence do not necessarily reflect behavioral dynamics in the boardroom. The Indonesian institutional context is also relevant here: weak external enforcement and limited regulatory pressure may diminish the practical impact of internal governance mechanisms, rendering them insufficient to constrain tax policy decisions.

4.2.2. Effect of Academic Experts on Tax Avoidance

According to the study, the presence of academic members on the board of commissioners has no significant impact on tax avoidance. This result does not support H2 and diverges from findings by White et al. (2014) and Arifin et al. (2023), who documented positive contributions of academic board members to firm-level decision quality. This may be because tax decisions are technical in nature and largely reside at the management level, so the role of the board, including academics, tends to be limited to general oversight functions. Furthermore, the relatively low mean proportion of academic commissioners in the sample (21.96%) warrants consideration. This limited representation may reduce statistical power, making it difficult to detect a significant effect even if one exists in theory. It is therefore premature to conclude that academic expertise is irrelevant to tax oversight; rather, the null finding may reflect insufficient variation in academic board representation across the sample.

4.2.3. Moderating Role of Financial Constraints

Financial constraints do not alter the link between corporate governance and tax avoidance, according to the study's findings. This result does not support H3 and suggests that financial pressure neither amplifies nor diminishes the already limited effectiveness of structural governance in shaping tax behavior. Consequently, governance still lacks sufficient strength to shape tax related decisions. Financial constraints have been demonstrated to increase tax avoidance, consistent with Edwards et al. (2015), who showed that financially constrained firms prioritize internal liquidity preservation, with tax savings serving as a key mechanism. This means that organizations dealing with stronger financial pressure often pursue tax strategies to enhance cash efficiency. In addition, the interaction between academic experts and financial constraints has a positive effect on tax avoidance at the 10% significance level. This finding contradicts H4, which predicted that financial constraints would strengthen the restraining role of academic experts. Instead, the results suggest the opposite: under financial pressure, academic commissioners appear to accommodate rather than resist tax optimization strategies. This may reflect a pragmatic shift in priorities, where even academically oriented board members recognize the necessity of cash conservation under constrained conditions, a pattern that aligns with the liquidity preservation argument of Edwards et al. (2015) but challenges the reputational sensitivity logic underlying H4. Overall, these results indicate that under conditions of financial pressure, academic experts do not serve as a limiting oversight mechanism, but rather as parties that support the optimization of the company's tax strategy.

4.2.4. Control Variables

The control variables show predictable behavior, which aligns with the broader corporate tax literature. Specifically, both leverage and profitability (ROA) positively influence tax avoidance. Hence, firms carrying higher debt loads and those with greater profit generating capacity are more motivated to seek tax efficiency. Higher leverage encourages companies to minimize their tax burden through multiple strategies. Greater profitability leads to higher tax exposure, pushing managers toward more aggressive approaches to tax planning. Conversely, larger firm size (SIZE) is linked to lower levels of tax avoidance. Large scale companies appear more reluctant to adopt aggressive tax policies, possibly due to heightened monitoring by regulators, investors, and the public. Consequently, large firms possess stronger incentives to prioritize compliance and reputational integrity in their tax practices.

5. Conclusion

The study analyzed whether academic experts and governance affect tax avoidance, while also considering financial constraints as a moderating variable. According to the results, corporate governance does not significantly influence tax avoidance. This indicates that the governance mechanisms used have not been effective in limiting tax avoidance practices, possibly because tax decisions are more technical in nature and reside at the management level. Furthermore, the presence of academic experts also does not have a significant effect on tax avoidance. This finding indicates that in general, academic experts do not have a direct role in determining the company's tax policy.

No support was found for the moderating role of financial constraints in the relationship between corporate governance and tax avoidance. Hence, governance effectiveness does not vary meaningfully under financially strained circumstances. In contrast, financial constraints are proven to moderate the relationship between academic experts and tax avoidance at the 10% significance level, but in a positive direction. Under financial strain, the presence of academic experts correlates with an increase in tax avoidance, according to this finding. Meanwhile, the control variables remain consistent: leverage and profitability positively affect tax avoidance, whereas firm size has a negative effect. This confirms that financial factors play a more dominant role compared to governance mechanisms. Overall, the research model has good explanatory ability in explaining corporate tax avoidance behavior.

Several limitations merit acknowledgment. The sample is restricted to listed manufacturing firms, limiting generalizability to other sectors with differing governance and tax dynamics. The moderating effect of financial constraints is significant only at the 10% level, suggesting a marginal finding requiring cautious interpretation and replication. The 2020-2024 observation period overlaps with the COVID-19 pandemic, which may have distorted tax behavior and governance effectiveness beyond normal conditions. Finally, corporate governance and academic expertise are measured through proxy indicators, namely composite indices and the proportion of academic commissioners, that may not fully reflect actual governance quality. Future research should expand the sample across sectors, adopt finer-grained measures of board behavior, and extend the observation period beyond the pandemic era.

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