AUDIT QUALITY, BOARD DYNAMICS, AND TAX STRATEGIES: UNRAVELING THE CONNECTIONS IN PAKISTAN' CORPORATE SECTOR

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ABSTRACT

This study aim is to examine the effect of Demographic characteristics of the board of directors (Women on corporate board, Board size, Auditing firm, Size of a firm, Leverage and return on equity) on Tax Avoidance using a sample of30 big firms from different sectors listed in the stock exchange of Pakistan from 2010 to 2019. The study uses secondary data taken from the Balance Sheet of firms and SCS trade. To analyze the data, the Panel data regression model used to observe the result of the demographic characteristics of the board of directors on tax avoidance. The results indicate that a firm audited by Big-4 reduces the corporate tax avoidance. Additionally, firms with a larger size of board of directors are associated with more tax avoidance. However, the presence of women on the board of directors does not reduce the corporate tax avoidance.

Key Word: Demographic characteristics, Board of director's size, tax avoidance/evasion

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1. INTRODUCTION

Tax revenue is the government's primary source of income. It helps fund government operations and responsibilities such as law enforcement, administrative costs, and employee salaries. Public services such as education, healthcare, and social welfare programs are financed by tax revenue. This contributes not only to the population's well-being, but also to the reduction of inequality and destitution (Cottarelli, 2011). Additionally, taxation plays a crucial function in preserving economic stability. The government can control economic trends and growth by modifying its tax policies. In periods of inflation, for instance, the government may decide to increase taxes to curb excessive expenditure (Sarah, 2018). At the same time, a country may face serious consequences due to tax evasion and avoidance (Tyrala, 2020). Tax avoidance results in reduced funding for public services, infrastructure, and government operations. This can cause a decline in the quality of public goods and services provided (Omodero, 2019). If a government is unable to generate enough revenue through taxation, it may resort to borrowing to cover its expenses. This can potentially contribute to an increase in public debt and economic instability (Beredugo et al., 2019). Moreover, a well-structured tax system plays a crucial role in redistribution of income. Inadequate tax collection, particularly when caused by tax evasion by the affluent, can exacerbate economic inequality (Lompo & Ouoba, 2022). Hoseini et al. (2019) states that majority tax evasion is done by large companies due to the fact company’s are more concerned towards creating wealth for owners, thereby avoiding tax. This argument is in support of agency theory which contends that owners’ main focus is maintain financial well being and achieve goals of their enterprise rather than paying taxes. It is because, firms consider tax as a financial burden that narrows down their profit, so they employ strategies to defer, minimize or avoid taxes Hoseini et al. (2019) but on the other hand, companies are socially responsible to pay taxes for the growth of society (Issah & Rodrigues, 2021). Considering both views on taxes, various authors argue that board size, board composition and audit quality play a significant role to maintain balance between these two exterme veins (Abdelfattah & Aboud, 2020; Alkurdi & Mardini, 2020; Hasan et al., 2023; Rezaei Pitenoei & Gholamrezapoor, 2020; Salhi et al., 2020; Wang et al., 2020). Moreover, another study states that larger board can give a greater range of opinions and skills, thereby leading to better informed tax strategy decisions. The diversity of opinion could encourage a careful evaluation of aggressive tax avoidance strategies and might lead to more cautious behavior due to the potential risks associated with these strategies. Similarly, board gender, particularly the inclusion of female directors, can potentially help a company strike a balance between the extremes of agency theory and social responsibility theory regarding tax obligations (Hillman & Dalziel, 2003). In the same vein, tax avoidance strategy is significantly affected by audit quality. High-quality audits, which are marked by the technical knowledge and independence of the auditor, can find aggressive tax tactics that could lead to problems with tax compliance, so companies avoid pursuing such strategies (Lestari & Nedya, 2019).

The above thoeretical association between board dynamics, audit quality and tax avoidance strategies has also been proved empirically. For example, Chen et al. (2010) found that larger boards are associated with less tax avoidance because these boards are more likely to worry about how aggressive tax planning might affect their image. On the other hand, while conducting a study in Australia, Lanis and Richardson (2011) found that companies with larger boards plan their taxes more aggressively. This may be because decision-making power is spread out among more people, making it easier for the board to accept risky strategies. Empirically, some studies have proved negative association between baord gender diversity and tax avoidance strategies. The rationale for this negative relationship lies within in monitoring perspective. Srinidhi et al. (2014) conducted study in the context of family owned business and argued that hat because women tend to be more risk-averse and ethically sensitive, they are more likely to keep an eye on what management is doing and discourage tax avoidance. Further, a study conducted by Khan et al. (2013) by taking sample from Bangladeshi companies, also found that companies with more women on their boards discourages tax avoidance. They said this is because having women on the board makes it better at keeping an eye on things, which makes it less likely to avoid paying taxes, whereas Richardson et al. (2015) studied Australian companies but holds different view regarding gender diversity on board and its effect on tax avoidance. They used board gender diversity as a control variable in their study. However, contrary to what some other studies have found, their results showed that board gender diversity did not have a significant effect on tax taking sample from Australian firms in their group. Moreover, researchers have also tested the effect of audit quality on tax avoidance with mixed findings. For example, Minnick and Noga (2010) studied US firms and found that companies inspected by the Big Four accounting firms, which are usually thought to do better audits, try to avoid taxes in a less active way. They said that managers would be less likely to try risky ways to avoid paying taxes if they had good quality auditors. Likewise, while studying the large firms of US, Gleason and Mills (2002) reached to a conclusion that clients of the Big Four accounting firms are less likely to engage in transactions with uncertain tax benefits suggests that competent auditors may play a role in preventing aggressive tax avoidance. In constrast to this, Frank et al. (2009) it was discovered that companies audited by the Big Four accounting firms are more likely to engage in aggressive tax avoidance, indicating that high-quality auditors may assist companies in capitalising on tax planning opportunities. Similarly, Rego and Wilson (2012) found a positive correlation between audit quality and tax avoidance, suggesting that high-quality auditors can assist businesses in engaging in tax planning strategies that reduce tax liabilities of US firms.

The above findings with respect to the effect of board dynamics and audit quality on tax avoidance strategy seems to be inconsistent. Along with this, majority the subject topic has been studied in developed and developing countries but little attention has been paid in Pakistan as this country is facing a severe shortage of tax collection. According to the report of Ministry of Finance (2023), Pakistan's tax to GDP ratio fell from 7.2 percent to 6.7 percent during the first nine months of the fiscal year 2022-2023 (July through March). However, the highest tax to GDP ratio was 11.4 % recorded in 2017 whereas during the period of 2011-2021, Pakistan’s tax as a percentage of GDP rose from 9.1% to 10.3%. So there is a need to address this practical issue as the consequences of such poor collection seems to be serious. Moreover, Zafar (2017) has identified that the possible reason for this decline might be tax avoidance on the part of large firms due to their board dynamics. This may negatively affect the government revenue which in turn hinders the economic development of country.

Therefore, the objective of this study is to examine the effect of board dynamics, audit quality on tax avoidance strategy of large firms operating in Pakistan. This study would be beneficial for tax authorities in the development of policies that promote improved audit quality and governance practices could increase tax compliance and tax revenues. Moreover, this would also help them to to enhance their oversight and regulatory efforts. At the same time, the study would be beneficial for large companies in Pakistan to imrove governance and make informed decision about composition of baord, choice of auditor and development of their tax strategy.

2. LITERATURE REVIEW

Agency Theory

Agency theory emphasizes on the relationship between owners/shareholders (principals) and managers (agents) in a business. It talks about possible conflicts of interest, which are situations where managers might act in their own best interests instead of what's best for owners.

In the light of this theory, the board of directors keeps an eye on managers to make sure they are doing what's best for owners. If the board has a strong governance structure, it is expected to closely look at management's choices, including tax strategies (Shaukat et al, 2024). This oversight has the ability to discourage tax avoidance schemes. Moreover, Desai and Dharmapala (2006) the management might use tax avoidance to increase shareholder wealth and serve their best interests.

Another mechanism that can ensure managers' actions are in accordance with shareholder interests is a quality audit. Audits of superior quality increase the likelihood of detecting aggressive tax avoidance strategies, thereby discouraging management from employing such tactics. Further, (DeAngelo (1981); Frank et al., 2009) suggests that higher audit quality may be associated with more aggressive tax avoidance, as auditors can assist firms in legally and effectively exploiting tax planning opportunities.

Social Responsibility Theory

Social responsibility theory, also called Corporate Social Responsibility or CSR theory, is based on the idea that companies should act in a way that protects and improves society as a whole. This theory can be used to look at how board behavior, audit quality, and tax avoidance are related.

The board of directors plays a crucial role in determining the social responsibility strategy of a company, which can influence its tax avoidance behavior (Sarwar & Khan 2022). The social responsibility theory suggests that board diversity (including gender, ethnicity, and professional background) can improve an organization's perspective and responsiveness to social responsibility issues (Bear et al., 2010). Moreover, Boards with a strong commitment to CSR are more likely to view aggressive tax avoidance as detrimental to society and thus seek to reduce it (Richardson et al., 2015).

Additionally, audit quality can be related to a company's social responsibility. Audits of superior quality provide more reliable information to stakeholders, including the general public (Sarwar et al., 2023). This transparency can indirectly restrict aggressive tax avoidance techniques. Auditors ensure firms' financial reporting complies with applicable rules and regulations, which may include CSR-relevant checks of potentially detrimental tax practices (Lestari & Nedya, 2019).

Tax Avoidance Strategy

When people take advantage of tax regulations in a way that the government does not intend, they are engaging in tax avoidance.

It's a strategy for reducing or eliminating one's tax liability. Tax avoidance can be understood both broadly and specifically in the accounting literature. The ability to pay a small percentage of pre-tax financial accounting income in taxes is a broad definition of tax avoidance. This broad phrase encompasses every conceivable method of reducing a company's tax bill. This concept does not differentiate between legitimate business operations and the practical application of taxes, on the one hand, and tax avoidance and benefit-seeking, on the other (Jahromi, 2012) . Using this approach, tax avoidance can be thought of as a continuum of tax planning strategies, with legitimate methods (such as bond investing) at one end and criminal methods (such as tax evasion) at the other (Hanlon & Heitzman, 2010). To some, tax avoidance is defined as a legitimate means of lowering tax obligations. The conceptual divide between tax evasion and tax avoidance, in their most restricted sense, traces back to taxpayers' perfectly lawful actions. Because tax avoidance is legal and does not involve breaking the law, taxpayers have nothing to worry about if they use it (Ibrahimi et al., 2017).

Women on Corporate Board

The diversity of companies in the work environment is acceptable, and the proportion of working women is increasing slightly from day today. Investigations carried out in Pakistan (Yasser, 2012) have shown that, due to so many uncontrollable factors, there is no correlation between the organization's financial performance and gender diversity. In Europe, however, there is a positive correlation between the gender presence on board and the organizational financial diversity performance. Social performance of the firm can be improved if women directors are on board predicted by stakeholder theory (Macaulay et al., 2018).

The Women's Board of Directors is also considered "strong" as it encounters repeated obstacles to maintaining its position on the Board of Directors, which is usually monopolized by men. (Pettigrew, 2001). Increased creativity and innovation are achieved when gender differences occur within the Board (Campbell & MinguezVera, 2008). In general, the women's board is more independent than the men's board, which is important for effective supervision as a task for the Commission's board (Carter et al., 2003). Examined 94 companies with women boards in the composition and resulted that women's existence on company boards will significantly improve, decrease the risk of corporate tax evasion, the financial statement transparency, important to a decline in information irregularity (Srinidhi et al., 2011).

The conclusion of the study conducted by Richardson and Lanis (2011) and Ferriera and Adamz (2009) check that the existence of females on company board panels, as well as the existence of outside directors, can decrease corporate tax avoidance by better monitoring financial performance.

Board Size

It is not expected from the larger board size with the presence of different opinions, and several objects such as attention seeking. Governmental, etc. The broad policies of tax scheduling with the execution of policies and their future feat. To take the benefit of tax breaks the proper decision making is required to timely payment of tax. The size of BOD’s affected corporate tax avoidance (Armstrong et al. (2013).

Smaller board did not perform various complicated role in an efficient as compare to larger because they have the expertise more than the smaller board. Superior performance should be associated with larger boards. This proposition support by empirical research. Both market-based financial performance –t and board size have a significant relationship between them found by a meta-analysis of 131 studies (Dalton et al., 1999).

As compared to the large board size the small board size has better-checking skills (Vafeas, 2000). For performing the monitoring role a large board required for product/service diversification, geographical dispersion and huge financial stakes (Oba et al., 2014).Performance of the firm has a positive impact when the size of the board is large because it brings the required capabilities and for an agency problem and mitigating board of directors an important institution suggest by corporate governance and literature (Liang et al., 2013).

Audit Quality

The quality of an audit is measured by how precisely it depicts the financial condition and performance of a business and how free it is of errors, omissions, and misstatements. If an organization has its books thoroughly audited, its stakeholders can have faith in the numbers they've been given (Lestari & Nedya, 2019). Renowned audit firms avoid tax evasion, as this would be detrimental if the tax experts identified forceful tax practices. If these companies make tax avoidance, it could affect their reputation and credibility (Hanlon & Heitzman, 2010). Tax avoidance will reduce if the firms audited by the Big4 auditing firm**.** The big4 auditors can cut down uncertain tax positions(Lanis & Richardson, 2011).

Hypothesis Development

Board Size and Tax Avoidance

Multiple studies have investigated the effect of board size on tax avoidance strategies. As the primary mechanism of corporate governance, the board can have a significant influence on a company's strategic decisions, including its tax planning.

Initial research, such as that conducted by Jensen (1993), suggested that larger boards may be less effective as a result of coordination and communication difficulties, which could give managers more discretion to engage in aggressive tax avoidance. This view is supported by Boone et al. (2007), who discovered an inverse relationship between board size and firm performance, including tax planning decisions.

However, more recent research contradicts this viewpoint. For instance, Chen et al. (2010) found that larger boards can potentially have a positive effect on tax strategy due to a greater diversity of expertise and perspectives, which can facilitate the identification of expertise and perspectives, which can facilitate the identification of legitimate tax savings opportunities while minimizing risk.

Desai et al. (2007) found that the relationship between board size and tax avoidance may be contingent on other variables, such as the institutional environment and the complexity of the business. For instance, firms operating in more complex environments, where diverse knowledge and expertise are required for effective oversight of tax strategies, may benefit from larger boards.

Based on the above discussion, following hypothesis can be formed:

H_1: Board size has a significant effect on Tax Avoidance Strategies

Board Gender and Tax Avoidance

Richardson (2006) research shows that companies with more women on the board of directors have a lower rate of avoiding taxes. The study says that women leaders are less willing to take risks, which may make them less likely to plan for taxes in a bold way. This is backed up by Lanis and Richardson (2011), who found that Australian companies with boards that had more women on them avoided taxes in a less active way.

But not all studies show that there is a bad link. In their study of companies in Malaysia, Srinidhi et al. (2014) also found a link between the number of women on a board and tax dodging in U.S. companies. They said that women directors, who are known for being honest, might support tax tactics that lower a company's tax bill in a legal way, which would help the company avoid paying taxes.

Keeping in view the above discussion, following hypothesis can be formed:

H2: Board gender has a significant effect on Tax Avoidance Strategies

Audit Quality and Tax Avoidance

The quality of audits is seen as a key part of improving the trustworthiness of financial statements and as a key part of company control processes. DeAngelo (1981) says that a high-quality audit can help solve agency problems, reduce information gaps, and discourage bold tax planning.

Frank et al. (2009) looked into the link between how good an inspector is and how companies avoid paying taxes. They found that firms examined by the Big Four accountants, who are thought to do high-quality audits, do less tax sheltering. This suggests that high audit quality could stop firms from trying to dodge taxes in an aggressive way.

On the other hand, a study conducted by Lennox et al. (2013) shows that Big Four auditors are more likely to go along with their clients' aggressive tax reports than accountants who are not part of the Big Four. They say this is because the Big Four auditors have more money to fight for their clients' stances with tax officials.

Hanlon et al. (2017) stated that good audits can help companies avoid making mistakes in their tax-related financial reports, which would cut down on tax avoidance whereas Rego and Wilson (2012) found a positive correlation between audit quality and tax avoidance while studying sample from US firms.

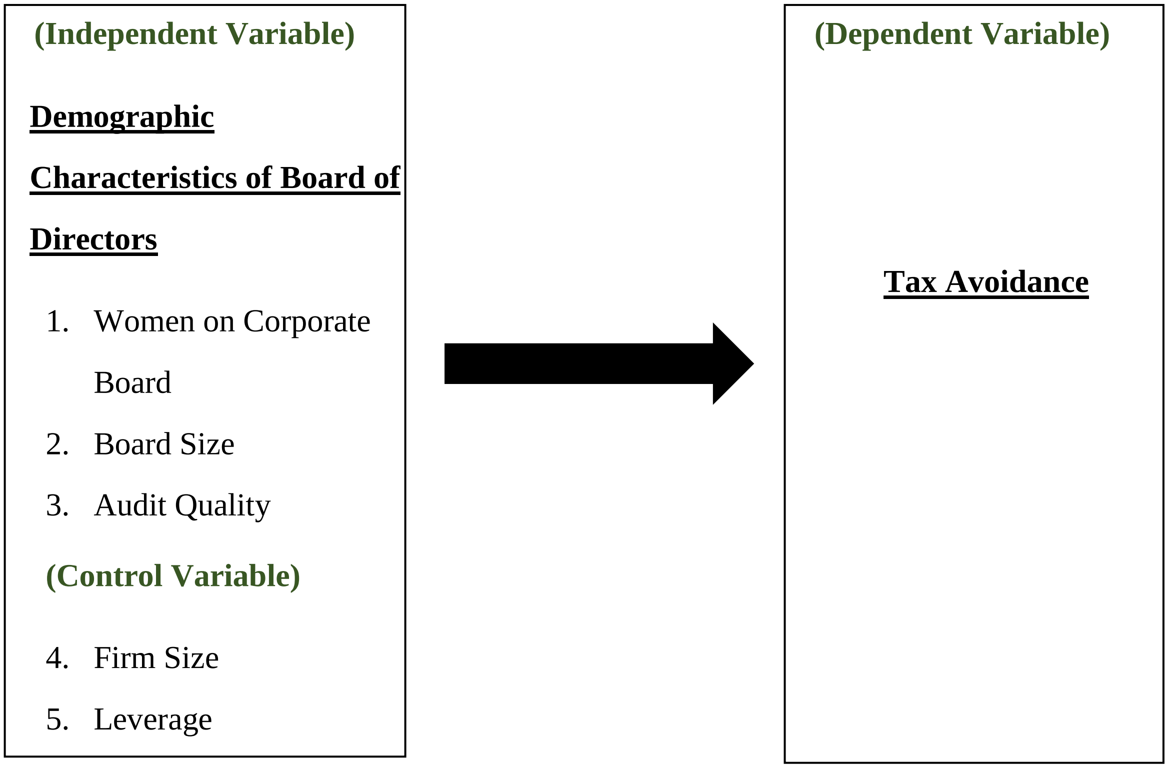
The above discussion lends the following hypothesis

H3: Audit Quality has a significant effect on Tax Avoidance Strategies

Research Framework

The study focuses on understanding whether the demographic characteristics of the BOD's influence the extent of tax avoidance in listed Pakistani companies.

In the research, I will investigate the relationship between demographic characteristics of BOD and tax evasion of the companies.



The model presents the link among the demographic characteristics of the board of directors and tax evasion. In this research, the effect of the existence of women in board panel, Board size, and auditing firm will examine tax avoidance. (Lanis & Richardson,2015).

Statistical Equation

$\text{Avoidance}_{it} = B_o + \text{þ}_1 WCB_{it} + \text{þ}_2 BOSIZE_{it} + \text{þ}_3 AUDT\ F_{it} + \text{þ}_4\ FSIZE_{it} + \text{þ}_5 LEV_{it} + E_{i.t}$

3. RESEARCH METHOD

This chapter will discuss the method that is used to test the hypothesis and variables, the methods and data form which the data is collected, the variables used to measure the topic.

Research Approach

The deductive approach and explanatory research type is used in this research.

Research Design

The investigation of this study is correlational aims to correlate independent variables to the dependent variable. The quantitative method will use in this research. The impact of demographic characteristics of BOD’s variables (Women on corporate board, Board Size, Auditing firm, Firm Size, and Leverage) is examined on the tax avoidance.

Sampling Design

Target Population

The target population is different sectors or firms that are listed in the Pakistani stock exchange.

Sample Size

The sample size will be 30 large firms from different sectors. The data of 10 years of each sample firm will be taken from 2010-2019.

Sampling Technique

In this study, the data of 30 stock listed firms from different sectors use as a sample.

Procedure of Data Collection

Dependent variables

Tax avoidance is considered a dependent variable in this study. The measure of tax avoidance is the Book tax difference (BTD), which is calculated as follows:

Dependent Variable	Measurement
Tax Avoidance	Avoidance = Income Before Tax – Total Tax Expense divided by Total Assets

(Lanis and Richardson (2016), Hashemi and Arabsalehi (2015).

Independent variables

A demographic characteristic of a board of directors is an independent variable in this research. This will be measure from different attributes. In this research, the first measure of demographic characteristics of BOD's will measure in terms of the existence of women on the corporate board. The second independent variable will be measuring size in terms of the board of directors and the third will measure in terms of the auditing firm. The below table shows how to measure the above independent variable.

Independent Variables	Measurement
Women on corporate board	Number of female directors ÷ Total numbers of board members
Board size	The number of board members.
Auditing Firm	Will take the value of 1 if the firm audited by one of the “Big 4” auditing firms, 0 otherwise.

Control variables

Tax avoidance associated with the set of control variables (Lanis and Richardson (2016), Hashemi and Arabsalehi (2015). In this research, I will include two control variables. The below table shows what they are and their measurement.

Control variables	Measurement
Firm Size	The logarithm of firm total sales
Leverage	Total Debts ÷ Total Assets

Statistical Technique

The panel data will use to estimate the research model. (Random or Fixed effect are used).

Ethical Consideration

For ethical ideas, I take care in this study not to use any anti moral language and content in a study any one's privacy cannot be interrupted by this study.

4. RESULTS

Descriptive Statistics and Correlation Matrix of the Variables

The outcome that are found by descriptive statistics and correlation matrix are represented in table 1 obtained from analyzing 30 firm-year observations 2010-2019. All the variables that are used in this study have positive mean and standard deviation values. The maximum mean is 53.01%, which is of firms leverage with a standard deviation of 33.10%. This means 53.01 percent of firms' assets are financed with liability, whereas the minimum mean is 0.1215, which is of tax avoidance, however, the standard deviation is 0.2487. This research also has a significant positive impact on the type of auditing firm (Big4) (Bayar, Huseynov & Sardali, 2018; Oats & Tuck, 2019). The big4 auditors can cut down uncertain tax positions (Lanis & Richardson,2012) therefore firm assigned external auditors in from big 4 whether they are.

The result of the correlation matrix shows that there is a positive correlation exists between tax avoidance with board size, Auditing firm, and leverage.

Table 1: Correlation Matrix

	Mean	SD	Tax Avoidance	Women On Corporate Board	Board Size	Auditing Firm	Firm Size	Leverage
Tax Avoidance	0.1215	0.2487	1	–	–	–	–	-
Women On Corporate Board	8.7304	11.2381	-0.560	1	–	–	–	
Board Size	8.0700	1.2740	0.139*	-0.229*	1	–	–	
Auditing Firm	0.7000	0.4580	0.172*	-0.066	0.247*	1	–	
Firm Size	7.9885	1.1581	-0.039	0.088	-0.027	-0.525*	1	
Leverage	53.0110	33.1009	0.307*	0.103	-0.126	-0.033	0.098	1

Findings and Interpretation of the results

The results of the e-views are reported in Tables 1 and 2. Three independent variables of the model, which includes (Women on corporate board, Board size, Auditing firm), are used to understand the effects on tax avoidance in different sector in Pakistan. The relationship and results of independent variables on tax avoidance are presented in table 2. As mentioned in chapter 3, to approximate the model the panel data (Fixed or Random effect method is used), and the Hausman test is used. The research model has to be predictable through the random effect model since Ho is accepted in the research model. During 2016 the research was conducted with listed firms and the results of that study defines the key point that the representation of women in the corporate board in Pakistan only 9 percent in 505 listed companies. (Only-9-women-directors-in-the-505-companies-listed-on-Pakistan-stock-exchange-report tech juice.pk)

Table 2: Results

Tax Avoidance			
Variables	Panel Least Square	Fixed Effect	Random Effect
Constant	-0.299*	-0.175	-0.282
	(0.043)	(0.638)	(0.113)
Women on Corporate Board	-0.114	0.061	-0.081
	(0.365)	(0.795)	(0.579)
Board Size	0.025*	0.031	0.026*
	(0.029)	(0.136)	(0.047)
Auditing Firm	0.085*	-0.009	0.077
	(0.021)	(0.932)	(0.082)
Firm Size	0.004	-0.007	0.001
	(0.774)	(0.863)	(0.918)
Leverage	0.249*	0.201*	0.237*
	(0.000)	(0.003)	(0.000)
Hausman Test	–	–	2.821
	–	–	(0.727)

Adjusted R Squared	0.134	0.180	0.099
R2	0.149	0.279	0.115
F-statistic	9.730	2.826	7.222
Durbin-Watson stat	1.842	2.151	1.947

Hypothesis Assessment Summary

Women on corporate board

The first hypothesis declares the sig value 0.365 which is greater than 0.05 which shows that the hypothesis claim is rejected which means the existence of women on the corporate board is not significantly related to the avoidance of tax. The presence of women in corporate board has no impact on tax avoidance.

The recent study revealed the failure of the tested hypothesis the survey related to the women on the corporate board in Pakistan. The female executives are limited in numbers. 30% of the KSE-100 listed companies do not have a female director in their corporate boards. The representation of the female directors is just 11% in the Pakistan stock exchange. 50% of listed firms do not have female directors on their corporate boards.
In 2019 the total numbers of directors are reduced as compared to 2016, As per the analysis 41% of the stock listed firms do not have women directors, presently in Pakistan, there is only one listed firm that has 6 female directors. No listed company found with 5 female directors. (https://www.researchsnipers.com/only-11-of-listed-companies-in-pakistan-have-a-female-director/)

Board Size

The second hypothesis declares the sig value 0.029 in the below table 3 which is less than 0.050 which means the claimed hypothesis is accepted that the company board size is significantly related to tax avoidance.
The broad policies of tax preparation with the implementation of policy and their expectations performance. To take the benefit of tax breaks the proper decision making is required to timely payment of tax. The size of BOD’s affected corporate tax avoidance. (Armstrong et al. (2013). firm with the bigger size of the BOD’s involved in tax evasion.

Auditing Firm

The third hypothesis declares the sig value 0.021 in the below table 3 which is less than 0.050 which means the claimed hypothesis is accepted that the auditing firm is significantly related to tax avoidance.

The audit quality is important in decreasing conflicts of interest between shareholders and management (Chytis et al., 2016). To controls the actions and eliminate the accounting manipulation and counterfeit activity the feature of corporate governance is audit quality. The big4 auditors can cut down uncertain tax positions (Lanis & Richardson, 2012). The larger firms are sensitive about their reputation in the corporate environment and they do not give any chance to their competitors so they do not take any risk or any compromise with their audit quality. Tax avoidance may be caused to their reputation and to eliminate this they are found with a lower level of tax evasion (Kanagaretnam et al. 2016).

Table 3: Hypothesis

Hypothesis	Coefficient	Sig. Value	Empirical Conclusion
Tax Avoidance			
H1: The existence of women directors on company boards is significantly related to tax avoidance.	-0.114	0.365	Rejected
H2: The Board size of the company is significantly related to the tax avoidance.	0.025	0.029*	Accepted
H3: Auditing firm is significantly related to the tax avoidance.	0.085	0.021*	Accepted

5. DISCUSSIONS, CONCLUSION, POLICY IMPLICATIONS & FUTURE RESEARCH

Discussions

Logically, a large number of BOD's makes strategy for tax evasion. we can be said that the size of the board increases tax evasion as compared to the smaller size they may be more effective. The discussions can be on this that the numbers of boards of directors are limited in listed firms, they can be reached on the issues and their solution, however, it is difficult to reach at one point by different suggestions. seeing as tax avoidance is a corporate tax strategy because of the larger size of the BOD. So, in this study was investigated the association among demographic characteristics of the BOD's and tax evasion.

Conclusion

In end, it must be well-known that this learning has quite a few boundaries, First the result of this study based on 30 listed firms and only 10 years of data (2010-2019) which limits the chances of results to other listed firms. Second, there may be a chance of reflecting some other variable with tax avoidance. Maybe this study did not have effectively recognized all possible correlated reflecting variables with tax avoidance. The results of this study that shows that in Pakistan size of board members and auditing firm has an impact on tax avoidance however, the presence of women has no impact on tax avoidance.

Policy Implications

The findings of this study advise the firms to move on their conventional viewpoints, decrease the difference between men and women and support qualified, skillful, expert, trained, experienced persons with fair dealing and sameness because as it was found out in the previous study is important in this context. It is one of the first Iranian studies to address the concern and can, therefore, contribute toward broadening the study on taxation and demographic characteristics of BOD's, containing the money market of Iran has a positive impact on the presence of women in the corporate board. This research also has a significant positive impact on the type of auditing firm (Big4) (Bayar, Huseynov & Sardali, 2018; Oats & Tuck, 2019). The big4 auditors can cut down uncertain tax positions. (Lanis & Richardson,2012) therefore firm assigned external auditors in from big 4 whether they are.

Future Research

This research is conducted by captivating only some variables of demographic characteristics of the board of directors whereas demographic characteristics are not limited to these variables so future research should be done by taking more variables. This research is conducted on the 10 years data of 30 firms so the next research should be done by extending the data of more firms. This research is conducted in Pakistan as if this research will be conducted in other countries with more variables so the result may be different. Future research should be done by adding moderating and mediating effects with these variables.

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