



MALETE JOURNAL OF ACCOUNTING AND FINANCE

A Publication of the Department of Accounting and Finance, Faculty of Management and Social Sciences, Kwara State University, Malete

Vol. 5 No. 2, June, 2025

ISSN: 2735-9603

EFFECT OF BOARD ATTRIBUTES ON CORPORATE TAX PLANNING AMONG LISTED MANUFACTURING COMPANIES IN NIGERIA

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Abstract

Ineffective governance structures, like excessively large boards and a lack of gender diversity, hinder decision-making and tax compliance, leading to suboptimal tax planning practices. This study examined the effect of board attributes on corporate tax planning among listed manufacturing companies in Nigeria using an ex-post facto research design and data from annual reports and financial statements for 2017 to 2023. The population of the study consists of listed manufacturing companies on the Nigerian Stock Exchange. There are 43 companies listed on the Nigerian Stock Exchange Market as of 31st December 2023. A census sampling technique was used to select the sample size for the study. Thus, the study filtered the sample firms using the following two-point filter. Thereafter, all firms that scaled the filter was selected using census sampling. Multiple regression analysis revealed that board size, CEO tenure, gender diversity, and board independence positively impact corporate tax planning. Based on the results presented, the study concludes that corporate board size, gender diversity, CEO tenure and board independence encourage tax planning practices. The study recommends women's participation on boards to promote effective tax planning. Diverse boards improve decision-making and innovation, while CEO tenure can reduce tax liability. Although the impact of women on tax planning is minimal, prioritizing independent directors is essential for influencing tax strategies effectively.

Keyword; Corporate Tax Planning Practices, Board attributes,

INTRODUCTION

One of the major challenges facing most developing countries (India, Kenya, and Nigeria) is the diversification of their sources of revenue. Governments are now diversifying and rolling out policies towards strengthening other sources of revenue, for which taxation is one (Izevbigie & Ebohon, 2019). Unfortunately, not every national government, especially in developing countries, can effectively achieve an optimal tax compliance level. In many cases, a large proportion of the informal sector of the economy escapes the tax net entirely (Oladipupo & Obazee, 2019), while companies in the formal sector try to avoid taxes by engaging in tax planning activities to minimize their tax burden (Hutchens, Rego and Williams, 2019).

The issue of tax planning has become increasingly prevalent among quoted firms in Nigeria, prompting governments to diversify and implement policies to strengthen alternative revenue sources, with taxation being a key component (Izevbigie & Ebohon, 2019; Nworu, 2017). This focus on taxation forms a significant part of the current federal government's fiscal policies. A study by Ogbeide and Iyafekhe (2018) highlighted that approximately 64.71% of 85 sampled

financial companies displayed some degree of tax aggressiveness. While tax planning is entirely legal when conducted within the framework of tax law, it's often pursued by managers for financial benefits rather than solely for the enhancement of shareholders' wealth. Tax planning can incur costs for firms; nevertheless, it has the potential to boost post-tax profits (Khaoula and Moez, 2019). Conversely, a rise in taxes typically leads to a reduction in profit after tax. Therefore, a reduction in taxes can directly result in increased earnings, which contributes to enhancing shareholder wealth, aligning with firms' primary goal of maximizing value for shareholders through minimizing tax liabilities (Micheal and Salisu, 2022).

Effective board attributes enhances responsibility and ethical leadership that engages all stakeholders. Responsible leaders ensure that tax planning is conducted in a manner that complies with the spirit of the tax laws and is aligned with the company's values and corporate social responsibility principles, which fosters engagement with stakeholders, including investors, employees, customers, and regulators (Tivde and Hussaini, 2023). Engaging with stakeholders on tax-related matters can help companies understand their expectations and concerns, leading to more responsible tax planning practices (Tivde and Hussaini, 2023).

Excessive board size can be an obstacle to speed and efficiency in the decision-making of organization owing to the factor that it may cause coordination and communication problems among members of the board. Directors generally have limited tenures in their positions due to some sort of succession plan implemented frequently. This is done to prevent the provision of excessively long-term contracts which leads to the increase in the cost of management dismissal in case of poor performance (Ovie, John & Obehioye, 2022). Corporate entities with a high proportion of independent directors may see a large reduction in tax planning. The independent non-executive directors are consistently viewed as the board's balance factor. There are allegations that non-executive directors are passive observers of management and are ill-informed about the operations of the company (Florackis, 2018)

LITERATURE REVIEW

Conceptual Review

Concept of board attributes

Effective corporate governance relies on the quality and commitment of the board of directors, who oversee a firm's activities in alignment with ethical and professional standards (Sabo & Junaidu, 2021). Board attributes, such as diversity, professional capability, experience, knowledge, and skills, play a significant role in influencing board effectiveness and decision-making processes (Code of Corporate Governance, 2018). These attributes enhance discussions, decisions, and overall corporate performance, including tax planning. Nonetheless, the specific influence of board attributes on tax planning remains a topic of debate (Zachariah, Tahir, & Mohammed, 2020). While various board attributes can inform tax planning strategies, the precise way they affect these strategies warrants further investigation. The characteristics of the board are essential for the performance of different companies and are frequently analyzed concerning various corporate components.

Diverse and competent boards, particularly those led by effective chairpersons, can tackle complex challenges by leveraging a range of perspectives and expertise. Skills such as active listening, synthesizing information, and forming well-informed viewpoints are vital for achieving their

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corporate mission (Appah, 2022; Ndal, Ibanichuka, & Ofurum, 2021). However, the link between board attributes and the role of tax planning in enhancing shareholder wealth is not definitively established. Some studies indicate that a well-composed board can mitigate tax-related risks and costs, while others suggest that directors may have a limited impact on tax management strategies (Guluma, 2021).

Instances of corporate financial scandals associated with inadequate governance and ineffective risk management highlight the necessity for balanced and accountable boards. This study explores variables like board size, CEO tenure, gender diversity, and board independence to evaluate their effect on corporate tax planning (Code of Corporate Governance, 2018).

Concept of Tax Planning

Tax planning is a crucial aspect of financial planning that allows tax managers and companies to effectively reduce tax liabilities and enhance the overall financial performance of the firm, as highlighted by Ogundajo and Onakoya (2019). Yusof, Noor, and Mat Dangi (2023) describe tax planning as the strategic management by taxpayers to lessen their income tax burdens by taking advantage of governmental tax incentives while adhering to legal tax regulations. It is essential to differentiate tax planning from tax evasion; the former is a legitimate approach to utilizing tax benefits, exemptions, deductions, and credits, whereas the latter involves illegal practices aimed at obscuring financial information to evade tax obligations (Tivde and Hussaini, 2023).

Harvey (2020) offers a clear definition of tax planning as a continuous strategy to minimize tax liabilities throughout the year, such as selecting the most beneficial tax filing status or delaying asset sales to avoid immediate capital gains. The scope of tax planning encompasses making investment decisions that consider projected revenue and tax legislation. In line with Pniowsky (2021), tax planning entails organizing one's financial activities to defer, reduce, or eliminate tax payments—a legal pathway to ease tax burdens through variations in tax rates across different jurisdictions and available tax incentives (Fallan, Hammervold, & Gronhaug, 2022).

According to Donald, John, and William (2023), tax planning encompasses a wide array of strategies, including both tax avoidance and evasion schemes that pertain to a company's financial arrangements. They contrast tax planning with strategies used to relocate physical operations to escape higher taxes, which they term location distortions of tax policy. Furthermore, firms may react to corporate tax rates by adjusting their production techniques or input mixes. As noted by Donald et al. (2020), while many tax planning strategies are legal, some can venture into ambiguous legal territories or outright illegal methods of tax evasion, such as underreporting income or inflating deductions. This study views tax planning as any managerial effort aimed at minimizing tax expenses without violating tax laws, like the Company Income Tax Act.

Theoretical Framework

This study is grounded in the legitimacy theory paradigm as detailed by O'Donovan (2002). According to this theory, organizations must continuously evaluate whether they are adhering to societal norms and ensure that their activities gain acceptance from external stakeholders, thereby achieving legitimacy. Tax planning introduces additional layers of agency conflict between managers and investors. Furthermore, tax avoidance presents another legitimacy challenge: managerial opportunism or the diversion of resources. Desai and Dharmapala (2006) assert that

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sophisticated tax avoidance strategies can equip management with the means to justify opportunistic behaviors, including earnings manipulation, engaging in related party transactions, and other activities that divert resources. While tax planning can enhance shareholders' wealth through higher after-tax earnings, it also has the potential to create information asymmetry between managers and shareholders. Thus, legitimacy theory serves as the foundational basis for this study..

Empirical Review

Barros and Sarmento (2020) conducted a study of board meeting attendance and corporate tax planning in the United Kingdom. The study employed 74 companies listed on the London Stock Exchange for the period 2002 to 2015. The study used secondary sources of data obtained from Thomson Reuters Eikon. The dependent variable was the cash effective tax rate, while the independent variables consisted of board meetings, board attendance, CEO board members, solvency, quick ratio, capital intensity, inventory turnover, and size. The data obtained were analyzed using univariate (descriptive analysis), bivariate (correlation matrix), and multivariate analysis (ordinary least square, fixed effect, and random effect). The result of the study suggested that board meetings and attendance negatively affect tax avoidance for the period under review.

Zachariah, Tahir, and Mohammed (2020) examined the effects of board attributes on the tax planning of listed non-financial companies in Nigeria. It aims at finding out, using quantitative research method, board attributes that increase tax planning, thus, reducing tax liability of listed non-financial firms in Nigeria. Data for the study were collected from the annual reports and accounts of the sampled companies for a period of ten years (2008 to 2017). The data collected were analyzed using descriptive statistics to provide summary statistics for the variables, and correlation analysis was carried out using Pearson Product-Moment Correlation to determine the relationship between the dependent and independent variables. Regression analysis was also conducted. The study revealed that board independence has a significant negative effect on tax planning; foreign directorship has a non-significant negative effect, while gender diversity, board size, and board meetings have non-significant positive effects on tax planning in listed non-financial companies in Nigeria. In addition, profitability has a significant positive effect on tax planning as leverage depicts significant negative effect on tax planning.

Salihu and Kawi (2021) investigated the relationship between the board's attributes and corporate tax avoidance. The study used a qualitative strand in providing explanations to the mixed findings in addition to the quantitative strand. The quantitative data came from the annual reports of the top 100 Malaysian companies based on the FTSE tradable index. The panel data were analyzed using the system Generalized Methods of Moment (GMM). The findings were used to develop a semi-structured instrument for further qualitative inquiry through personal interview sessions with ten tax auditors of the Inland Revenue Board of Malaysia (IRBM). The quantitative analysis shows board effectiveness to be negatively related to corporate tax avoidance. However, board independence and board members' financial literacy were not. The analysis of the interview responses shows that the members of the board have little influence on the choice of the company's tax management strategy. Nevertheless, the findings are relevant for the revision of the guidelines on the appointment and oversight roles of directors in the Malaysian Codes of Corporate

Governance (MCCG).

Bashiru, Ba'ba & Bukar (2023) researched how corporate governance attributes impact Nigerian Conglomerate listed companies' tax planning spanning from 2018 to 2022. CEO tenure and board size were utilized as measures of corporate governance while effective tax rate represented tax planning with firm size as a control variable. A panel regression approach was utilized in the research assessment. It was noted that CEO tenure, firms' size, and effective taxation rates had an inverse significant linkage while board size and effective taxation rates were positive and linked. The conclusion was that the corporate governance mechanism is critical in listed Nigerian Conglomerate Companies tax planning.

Peter, Hamid & Ibrahim (2023) examined the board attributes' effect on the planning of tax of quoted enterprises in Nigeria. The technique used for analysis in this research was regression and the span for this study was for the period 2018 - 2022. The outcome of the research was that the independence of board inversely and significant affect tax planning; there was an inverse non-significant effect of foreign directorship, whereas size of the board, meetings of board members, as well as the diversification of gender exhibit a direct and non-significant effect on listed non-financial companies tax planning in Nigeria. An important direct influence of profitability on tax planning was witnessed with leverage having a significant inverse effect on tax planning.

Mohamed & Fredrick (2023) sought to investigate the effect of board size on tax planning amongst firms listed at the Nairobi Securities Exchange, Kenya. The sample for the investigation included 65 Nairobi Securities Exchange companies listed between 2014 and 2021, and secondary panel data was collected from these companies using a census sampling technique. The study adopted descriptive and panel regression techniques of analysis, which has some diagnostic tests. Ethical standards were adhered to in the study. Revelation from the survey showed that board size

significantly in a manner that is positive with effect on tax planning of listed firms. The report consequently suggests that board size be decreased to improve tax planning effectiveness for Kenyan listed companies at the Nairobi Securities Exchange. This would enable the board of directors of the companies to facilitate decision-making within the shortest time frame possible.

Jong, Sung, Park, and Ah (2023) examined the effect of firm age and growth on the tax aggressiveness of Small and Medium enterprises (SMEs) in Korea. Data used were collected from financial statements of Korean Securities Dealers Automated Quotations (KOSDAQ) listed companies from 2010 to 2022. The final samples for the study include 4,076 firm-year observations. Their findings revealed a significant negative relationship between firm age and tax aggressiveness. This indicates that managers of older firms consider maintaining a positive image or reputation more important than saving on tax costs. Therefore, old firms may not pursue aggressive tax strategies. Their findings also show that firm growth has a significant positive effect on the tax aggressiveness of SMEs, implying that tax aggressiveness increases with an increase in firm growth.

Hypothesis Development

To examine the effect of board attributes on corporate tax planning among listed manufacturing companies in Nigeria, this study focused on the following: Board size, CEO tenure, gender

diversity, and board independence, because these factors are more likely to influence corporate tax planning among listed manufacturing companies in Nigeria.

Board Size

Board size is one of the most studied corporate governance mechanisms. Prior studies show that board size can be positively or negatively associated with corporate governance (CG) effectiveness (Abdul-Wahab & Holland, 2023). The positive effects of board size stem from the advantages of having a diverse group of directors. Larger boards benefit from the various skills, expertise, and experiences of their members, leading to improved advice on strategic decisions. This broader diversity allows for a more comprehensive perspective on the economic environment and helps in identifying business opportunities (Pearce & Zahara, 2022).

In general, larger companies engage in more commercial activities and financial transactions compared to smaller businesses, largely due to their stronger customer base (Tivde and Hussaini, 2023). However, Florackis (2018) notes that as board size increases, the effectiveness of coordination, communication, and decision-making may suffer. In instances where the board becomes too large, these functions can become challenging to manage effectively. Ultimately, it is concluded that smaller boards may be better positioned to reduce fraud and enhance firm value by minimizing complex tax planning activities.. Consequently, the following hypothesis was put out:

HO1: Board size has no significant relationship on corporate tax planning among listed manufacturing companies in Nigeria.

CEO Tenure

The board of directors and managers build their knowledge through professional experience and ongoing training, which aids in recognizing opportunities within tax law. The financial acumen and tax knowledge of the directors and CEO can enhance the likelihood of effective tax planning within an organization (Ovie, John & Obehioye, 2022). Studies often assess a CEO's leadership by the duration of their tenure in such roles. Typically, directors have limited tenures due to succession plans that are frequently implemented. This practice aims to avoid excessively long-term contracts, which could increase costs associated with dismissing underperforming management. The financial knowledge, experience, and qualifications of board members are critical assets to the firm; their sound judgment and elevated intellectual capacity can significantly improve a company's performance (Khan & Ali, 2019). Furthermore, the board's monitoring and oversight functions are most effectively executed by members who possess substantial financial expertise and qualifications (Khan & Ali, 2019). Additionally, Berger et al. (2020) assert that the educational levels of board members bolster corporate governance practices. However, when top executives remain with a company until the normal retirement age, the executive's performance does not account for changes in CEO turnover. With all these in mind, the study develops the following hypothesis:

HO2: CEO tenure has no significant relationship on corporate tax planning among listed manufacturing companies in Nigeria.

Gender Diversity

The concept of board gender diversity refers to the practice of ensuring balanced representation of men and women on corporate boards of directors. This practice addresses the historical gender imbalance in boardrooms, where men have traditionally held the majority of leadership positions.

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To achieve gender diversity on boards, organizations aim to increase the number of women directors, fostering a more equitable and inclusive decision-making environment.

The presence of women on corporate boards is a key indicator of gender diversity, which can have significant positive impacts on companies' attributes (Tafamel, 2017). The Higgs Derek Report (2003) in the United States highlighted that a diverse board can enhance effectiveness, and companies may benefit from the professional insights that women bring to the boardroom.

Men and women often exhibit different leadership styles. Women tend to demonstrate attributes such as care, sensitivity, and kindness, which can contribute positively to management practices. Research indicates that women engage in more intensive monitoring of managers' actions and have higher attendance rates at meetings (Adams & Ferreira, 2019). Additionally, studies by Gangl, Torgler, and Kirchler (2016) found that women generally have a stronger attitude towards compliance compared to men. Simon and Corbett (1996) also noted that ethically, women's attitudes towards compliance are more robust than those of their male counterparts.

These findings suggest the importance of incorporating gender diversity as a governance variable while examining board attributes, as proposed by Srinidhi, Gul, and Tsui (2017).. As a result, the following hypothesis was developed:

H₀₃: Board gender diversity has no significant relationship on corporate tax planning among listed manufacturing companies in Nigeria.

Board Independence

Board independence refers to the presence of non-executive directors on a corporate board. These independent members typically come from outside the organization and do not engage in any business dealings with the company, which helps to prevent conflicts of interest. It is widely recognized that board independence is a crucial component of effective corporate governance and plays a significant role in enhancing company performance (Adams, Hermalin & Weisbach, 2017). An independent board member is defined as someone who does not have any connections or relationships with the company's officials.

The key aspect of board independence is ensuring that there are adequate numbers of independent directors. A director is considered independent when they have no vested interests in the organization or its executives (Beasley & Petroni, 2017). Independent directors may be professionals such as accountants, lawyers, consultants, or any non-employee board members (Zachariah, Tahir & Mohammed, 2020). Previous research has suggested that increasing the number of independent directors can positively impact company performance. For instance, Richardson and Roman (2011) noted that companies with a high proportion of independent directors tend to engage in more effective tax planning strategies.. Consequently, the following hypothesis was put out:

H₀₄: Board independence has no significant relationship on corporate tax planning among listed manufacturing companies in Nigeria.

METHODOLOGY

Research Design, Population, and Sample

This study focused on the effect of board attributes on corporate tax planning among listed manufacturing companies in Nigeria. This research uses an ex-post facto research design. The population of the study consists of listed manufacturing companies traded in the Nigerian Stock Exchange. There are 43 companies listed on the Nigerian Stock Exchange Market as of 31st December 2023. Census sampling technique was used to select sample size for the study. Thus, the study filtered the sample firms using the following two-point filter. Thereafter, all firms that scaled the filter was selected using census sampling. The two-point filter is as follows:

- i. Firms must be listed on or before 2016 because the scope of the study is from 2017 to 2023, and firm must be listed without being delisted within the period of study.
- ii. Firms must have complete data for the study period that is 2017-2023. The firms selected as sample size of the study

Data Collection Method, Method of Data Analysis

The secondary data source employed in the study consists of the annual reports and accounts of the selected listed manufacturing companies in Nigeria. These crucial documents were retrieved from the official website of the Nigerian Exchange Group (NGX), which serves as the principal repository of data for this research. Information was systematically extracted from the annual reports and accounts of these banks, spanning the accounting years from 2017 to 2023. This chosen timeframe is attributed to the accessibility and widespread availability of annual reports, rendering them an easily obtainable and reliable source of information for diverse users.

Descriptive statistics was used to get a snapshot of the data gathered. Such parameters like; means, median, standard deviation, frequency distribution tables, and percentages. Also, multiple regression analysis will be used to explain the effect of board attributes on corporate tax planning on listed manufacturing companies in Nigeria. The overall analysis was carried out with the use of the Statistical Package for Social Science (SPSS).

Measurement of Variables

The dependent variable in this study is corporate tax planning, which was measured by the Cash effective tax rate. The independent variables include board size, CEO tenure, gender diversity, and board independence. Board size was determined by the total number of members on the board, whether they are executive or non-executive directors. CEO tenure refers to the length of time, in years, that the chief executive officer serves in their role as a board member. Board gender diversity was assessed by the proportion of women to men within the board composition, while board independence was evaluated by the ratio of independent directors to non-independent directors (Adam, Hermalin and Weibach, 2017; Nauman 2018; Tafamel, 2019; Kariuki, 2020).

Model Specification

This study investigated the effect of board attributes on corporate tax planning among listed manufacturing companies in Nigeria. To test the hypotheses to achieve the objective stated, this study adopted the model of Kitzinger (1995). The model of multiple regression is specified thus:

$$Y_1 = \alpha + \beta X_t + U_t \text{-----(i)}$$

Where;

Y₁ = Dependent variable (explained variable)
 X = Independent variable (explanatory variable)
 α = Constant term (i.e., value of Y when X is zero)
 β = Coefficient of the Parameter Estimates
 U = error term (residual term)

The assumption of this model is that:

$$Y \sim N(\theta, \delta^2) \text{-----(ii)}$$

The model given in equation (1) will be reconciled where board attributes is a function of board size, CEO tenure, board gender and board independences. The regression model stated in equation (2) was used to measure relationships between variables and perform data analysis:

$$FPOMit = a_0 + b_1IAIit + b_2PCit + b_3ICSit + \epsilon it \text{..... (iii)}$$

RESULTS AND DISCUSSIONS

Descriptive Statistics Result

Variables	Obs	Mean	Maximum	Minimum	Std Dev	P-Value
CTP	172	0.2877	1.05	0	0.4694	0.0000
BSIZE	172	8.0861	10.164	6.5205	0.9975	0.0000
CEOT	172	0.8516	1	0	0.4116	0.0000
BGEND	172	14.7651	46.662	0	12.0635	0.0095
BIND	172	0.7644	1	0	0.9671	0.0000

Table 4.1 shows the mean for each of the variables, their minimum values, maximum values, standard deviation, and the Jarque-Bera (JB) statistics (P-Value) for the normality test. The result provided some insight into the nature of the selected companies that were used for the study. The table indicates that the measure of corporate tax planning (CTP), which is the cash effective tax rate, has an average value of 0.2877 and a corresponding standard deviation of 0.4694. This implies that the deviation between companies within the period does not significantly differ. It is an indication that corporate tax planning stands at an average of 28.8%, which is comparatively lower than Nigeria's income tax rate (30%), signifying that, within the period under review, the level of corporate tax planning is very high among listed manufacturing firms in Nigeria.

Board size as a variable has a mean value of 8.0861, the maximum value of 10.164, and a minimum value of 6.5205. This indicates that the firms employed in this study are homogenous. The wide variation (95%), together with the little difference between the maximum and minimum value of board size, show that most of the firms are homogeneous in size. In addition, the Jarque-Bera (JB) P-Value, which tests for normality or the existence of outlier or extreme value among the variables, shows that all other variables are normally distributed. This is evident from the significant values recorded by the JB test. Board gender diversity, which is the ratio of female board members to total board size, revealed that most of the sampled companies are not gender sensitive. This is revealed from the mean value of about 15%. It is equally important to note that about 85% of the sampled companies do observe the required CEO tenure of 3 years.

The variable of auditor's independence revealed that the higher the proportion of independent non-executive directors on the board, the more likely the increase in performance of the firm with

over 76% of their directors. However, it should be noted that this could play a very detrimental role in the overall financial performance of the company.

Pearson Correlation Matrix

Pearson's correlation matrix was applied to check the degree of association between board attributes and corporate tax planning of listed manufacturing firms in Nigeria to determine the nature or degree of association, that positive or negative correlation and the magnitude of the correlation between the dependent variable (corporate tax planning) and independent variables.

	CTP	COBIND	COBSZE	GENDV	CEOT
CTP	1.000000				
COBIND	0.019834	1.000000			
COBSZE	-0.055713	0.007595	1.000000		
GENDV	0.022964	0.033622	-0.021142	1.000000	
CEOT	0.081355	0.005210	-0.009295	0.001940	1.000000

The result shows that there is a positive and very strong association between corporate tax planning, corporate board independence, gender diversity, and CEO tenure in the board (CTP/COBIND/GENDV and CEOT = 0.019/0.022 and 0.082), respectively. There also exists a negative and very weak association between corporate tax planning and corporate board size (CTP/CBSZE/ = -0.0557/ -0.0211), respectively. It was discovered that a positive and very strong association exists between corporate board independence and corporate tax planning (COBIND and CBCEON = - 0.0525), while a very weak but positive association was reported against corporate board independence and board size. Similarly, another positive but very weak relationship was established between corporate board size and corporate board financial expertise (CBSZE and COBFEX = 0.013), while corporate board size was negatively correlated with gender diversity (CBSZE/GENDV/ = -0.0211/ -0.0092 and -0.048), respectively.

There exists a negative and weak association between gender diversity and corporate tax planning (GENDV and CTP = -0.0201). Generally, the perusal of the correlation matrix reported in Table shows none of the coefficients to be above 0.4. This suggests the non-severity or non-existence of multi co-linearity among the independent variables. In checking for multi co-linearity, the study noticed from the correlation table above that no two explanatory variables were perfectly or highly correlated and thereby ruled out the case of having an outlier. This indicates the absence of multi co-linearity problems in the model used for the analysis. This correlation matrix will not serve as a basis for generalization on the actual relationship between corporate attributes and tax aggressiveness as a correlation matrix only gives a mere degree of relationship between the dependent and the independent variables. This also warrants the use of the panel regression analysis in accepting or rejecting a hypothesis and also justifies the use of variation inflation factor (VIF) for further test of perfect correlation or multi co-linearity problem.

Hausman Effect Tests

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.335366	6	0.7657

Source: Summary of Hausman effect analysis result (2024)

Fixed effects and random effects models are designed to address the issue of heterogeneity based on their different assumptions about the heterogeneity (i.e., the individual specific effect). Hausman-type test was carried out to determine which of the two models should be more appropriate. Hausman test was performed to select the best-fitted panel regression model among the Fixed Effect model and Random Effect model. Table 3 above clearly illustrates the results of the Hausman test. The result shows a chi-square statistics value of 3.33536 and probability value 0.7657, which is greater than 5%; this means that there is heterogeneity in the collection of the firms' data. Since the Chi-square (Prob) value is greater than 5%, we accept the random effect and interpret its regression, while the fixed effect is rejected. Since the p-value is greater than 0.05, the Random Effect model was chosen as the best-fitted model. Random effects models assume there are differences in disturbance or the error term while fixed effects model assumes that heterogeneous groups or time had different intercepts. We used the Hausman test to choose between random effects and fixed effects model which is to be applied in this study. Hausman test shows that the Random-effects estimation (REM) method is more appropriate than the fixed effects (FEM) for all manufacturing firms in Nigeria; hence the results from REM is presented and interpreted. Hence, the study used the random effect to correct the problem of heterogeneity in the data used for the study; the random effect regression result is presented in table 4 below:

Regression Analysis

Random Effect Panel Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	40.32067	8.687945	4.640990	0.0000
BSIZE	1.778995	1.227640	4.640990	0.1478
BIND	0.052341	3.056013	2.934439	0.0504
CEOT	1.834380	1.050421	1.946329	0.0512
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.6476	Mean dependent var	30.596	
Adjusted R-squared	0.5456	S.D. dependent var	15.013	
S.E. of regression	14.666	Akaike info criterion	8.3107	
Sum squared resid	14390	Schwarz criterion	8.8096	
Log likelihood	3035.5	Hannan-Quinn criteria.	8.5029	
F-statistic	1.4480	Durbin-Watson stat	2.1758	
Prob(F-statistic)	0.0000			

Authors Computation (2024)

The table above shows the random effects panel regression analysis of listed manufacturing firms in Nigeria. From the result, the study observed that the squared value is approximately 0.647 (65%), and the R-squared adjusted value is approximately 0.545 (55%). The value of R-squared, which is the coefficient of determination, stood at 65%. This implies that 65% of the systematic variations in individual dependent variables were explained in the model while about 35% were unexplained and captured by the stochastic error term. Again, the adjusted R-squared stood at 55%. This indicates that all the independent variables jointly explain about 55% of the system variation in corporate tax planning of our sampled companies over the 10 years while about 45% of the total variations were unaccounted for, hence captured by the stochastic error term. The R-squared adjusted value indicates that corporate attributes used in this study explained about 55% of the variation in corporate tax planning strategies of manufacturing companies listed in Nigeria, while about 45% were unexplained. As a summary, the coefficient of determination (R^2) measures the overall fitness and explains how well a model predicts future outcomes (Uwuigbe, Jafaru & Ajayi, 2012). From Table 4.3.2 above, the R^2 value was 65%. This indicates that COBIND, COBSZE, GENDV, and CEOT explain 65% of the variation in corporate tax planning strategies. In addition, the adjusted R2 was 55%, which also compliments the proportion of tax aggressive strategies that is explained by COBIND, COBSZE, GENDV, and CBCEON. In other words, 35% of the strategies in corporate tax planning are caused by other factors not accounted for in the model.

Discussion of Findings

The test of hypothesis two (H_{01}) indicates that corporate board size showed a positive coefficient value of 1.778 and a P-value of 0.1478. The result from the model indicated that corporate board size has a positive and significant effect on the corporate tax planning of listed manufacturing firms in Nigeria. This implies that the positive coefficient and the probability value indicate that corporate board size positively affects the tax planning of firms, but the effect is statistically insignificant. The finding supports the findings of Aliani and Zarai (2020), who discovered a significant relationship between board size and tax planning, which shows that the number of corporate directors affects tax planning strategies designed to reduce tax liabilities.

The test of hypothesis two (H_{02}) indicates that CEO tenure showed a positive coefficient value of 1.8343 and a P-value of 0.0512. The result from the model indicated that it has a positive and significant effect on corporate tax planning of listed manufacturing firms in Nigeria. The findings obtained from the analysis above suggest that CEO tenure has no significant effect on corporate tax planning among listed manufacturing companies in Nigeria. This finding is in line with the findings of Uniamikogbo et al. (2019). Meanwhile, Bashiru et al. (2020) indicate a negative and significant relationship between CEO tenure and corporate tax planning.

In the test of hypothesis three (H_{03}), the study observed that gender diversity has a positive but insignificant effect on the tax planning of 175 selected manufacturing firms in Nigeria ($\beta_3 = 0.078$, $p = 0.9253 > \alpha = 0.05$). The value β_3 was positive, showing that gender diversity has a positive but insignificant effect on the tax planning of listed manufacturing firms in Nigeria. This study is in support of the findings of Ogbebor, Onomuhara, and Evbota (2019), who examined corporate attributes and tax planning in listed Nigerian companies using fifty (50) companies listed on the Nigeria Stock Exchange (NSE) for a period of six (6) years (2012 –2017). The findings revealed that profitability and firm size had a positive and statistically insignificant relationship with tax planning, while board size and company age had a positive and statistically significant relationship

with tax planning strategies.

On the test of hypothesis one (H₀₄), the study established that corporate board independence had a positive and significant effect on corporate tax planning of manufacturing firms in Nigeria, having recorded a positive coefficient value 0.052 ($\beta_1 = 0.052$, $p = 0.0504$). The value β_1 was positive, showing that independent directors have a positive effect on the corporate tax planning of manufacturing firms in Nigeria. This result is supported by the study of Owens (2018), who found a direct relationship between independent boards and corporate tax planning, leading them to conclude that boards comprising too many outsiders lose the tax planning strategies associated with officers serving on board.

CONCLUSION AND RECOMMENDATIONS

The study has provided an understanding of the relationships between board attributes and corporate tax planning. By utilizing four different variants of corporate board attributes. The findings on the impacts of the board attributes on tax planning practices were investigated through secondary data sourced from the annual reports of selected manufacturing firms in Nigeria. Based on findings, the study concludes that corporate board size, gender diversity, CEO tenure and board independence encourage tax planning practices. Based on these findings, the following recommendations were made:

- i. Based on the findings, which reveal the board size significantly improves tax planning practices, the study recommends that manufacturing companies should increase the number of directors in the board, comprising a wide range of talents, experiences, and backgrounds to improve strategic tax planning practices.
- ii. Based on the findings, which reveal the CEO tenure significantly improves tax planning practices, the study recommends that manufacturing companies should continue to increase the number of years of CEO tenure as it plays a crucial role in minimizing tax liability and improving tax management practices.
- iii. The study recommends that manufacturing companies should have more women on corporate board for increased effective tax planning practices.
- iv. The study also recommends that Manufacturing firms should consider increasing the number of independent directors on their boards, as they are perceived to positively influence tax management strategy and contribute valuable insights towards effective tax planning.

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