



Corporate Ownership Heterogeneity and Tax Aggressive Policies of Quoted Firms in the Nigerian Consumer Goods Sector

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ABSTRACT

Over time, there is an alarming case of tax non-compliance especially in emerging countries like Nigeria in recent time. This may not be unconnected to the fact that, the tax system in Nigeria is ineffective and that most managers have realized that, shareholders stand to gain more high financial incentives if they are tax aggressive than when they are less tax aggressive. Succinctly, one of the ways to reduce agency-principal conflicts is through corporate board heterogeneity, the nexus between corporate board and tax aggressive policy have received huge scholarly attention especially in emerging countries like Nigeria and South Africa. In view of this, this study investigated the effect of the ownership heterogeneity on tax aggressive policies of quoted firms in the Nigerian consumer goods sector. Data was drawn from the sampled ten listed firms in the consumer goods sector from 2012 to 2021. The model was subjected to panel data methodology. Both the Breusch Pagan test evidenced that, Random Effect model is the most feasible model for this study. The study evidenced that, managerial equity ownership; foreign ownership and ownership concentration have direct significant effects on tax aggressiveness. However, family ownership and institutional ownership have negative minimal effect on tax aggressiveness. Arising from the major findings, the study concludes that, managerial equity ownership; foreign ownership and ownership concentration is relevant factors which increases tax aggressiveness practices of quoted firms both in Nigerian and consumer goods sectors.

Keywords: Corporate Ownership Heterogeneity, Managerial Equity Ownership, Tax Aggressive Policies

1.1. INTRODUCTION

Following the agency relationship paradigm, organization exists on the premise of mutual understanding between two (2) parties-the principal (owners) and the agent (manager) whom manages the firm one (principal's) behalf. However, sometime there might be asymmetric information between the principal and the agent thereby leading to agency conflict. One of the ways through which such agency conflicts arising from misalignment between desires of the owners and managers of a firm can be resolved is through corporate ownership heterogeneity or diversity vis-à-vis ownership concentration heterogeneity (OWCH), managerial ownership (MAOH), family ownership heterogeneity (FAOW), foreign investors' ownership etc. (FAOW). As such, it is believed that, when managers, foreign investors, family members become co-owners of a company (firm) and when the ownership of a firm is concentrated, these different shareholders would seek for the common good of the firm i.e. maximize profit (Chucks, Felix, & Temile, 2021). It is on this premise that, it is believed that, corporate ownership heterogeneity forms the hallmark of corporate success and also remains one of the most salient issues within the corporate governance parlance (Handayani & Ibrani, 2019).

Worthy to note is that, one central issue which a heterogeneous ownership solves is the issue of tax aggressiveness. The word “tax aggressiveness” suggests a deliberate effort of the company/firm to minimize her tax payments using aggressive tax planning activities like tax sheltering and tax avoidance. As espoused by Abdul and Harunac (2020), institutional investors served as an important tax aggressiveness control mechanism in that, if majority investors become shareholders, they may reduce tax liabilities of a firm as they have high voting rights. This may not be so at all-times though. As such, the greater the percentage (volumes) of institutional ownership, the lower tax aggressiveness due to the tighter supervision carried out by these institutions (Magfira & Murtanto, 2021).

Since taxes are deductions from the cash-flows accruable to a firm, suggests that the shareholders may strive to maximize their wealth through various tax aggressive practices. However, if a firm’s ownership structure is concentrated, the reactions of the other shareholders on such issue might not count. Meanwhile, when managers becomes both a manager and also a co-owner of a firm, the manager may most likely work in favour of the firm since he has a stake in the company (Lubis et al, 2018). However, this issue is still highly controversial and has been a re-occurring issue since the global corporate failure of Enron, Dot-Com Bubble, WorldCom, Tyco and Xerox. Justifiably, Ogbeide and Iyafekhe (2018) reported that, over 64.71% of non-financial firms in Nigeria as at 2018 are highly tax aggressive. Hence, the study is motivated to examine if a firm is owned by diverse individuals can help solve this major issue. To address these foregoing issues, this research seeks to provide answers to the following research questions:

1. To what extent has managerial ownership impacted on TAG?
2. To what degree has foreign investors’ ownership impacted on TAG?
3. What is the effect of Institutional ownership on TAG?
4. To what extent does family ownership affect TAG?
5. What is the effect of ownership concentration on TAG?

This paper is structured into five (5) sections. The first and second section dealt with the introduction and literature; the third and fourth section dealt with the methodology and analysis and findings while the last section dealt with the conclusion and recommendations.

2. LITERATURE REIEW

2.1. Conceptual Linkages and Framework

The two key areas which this research work is centered on are: corporate ownership heterogeneity and tax aggressiveness (TAG). First, corporate ownership heterogeneity refers to variability in terms of ownership structure of a company. It may include managerial ownership, foreign investors’ ownership, Institutional ownership, family ownership, state ownership, and ownership concentration (Astuti & Aryani, 2016). Secondly, TAG is viewed as either tax planning, tax avoidance or tax shelters. At the extreme level, TAG is termed tax avoidance. From the viewpoint of tax avoidance, TAG is viewed as the act of reducing a company’s taxable income within the confine of the law. Mafrolla and D’Amico (2016) defined TAG as a strategy deployed by managers, a set of processes, practices, resources and choices whose objective is to maximize income after all company’s liabilities owed to the state and other stakeholders. More so, Handayani, and Ibrani (2019) stated that, TAG is used for tax planning and have an arrival point for tax evasion.

Various tax aggressive approaches include: ETR, discretionary permanent book-tax differences, Book-Tax Difference, long-run cash, and income tax expense/operating cash flow. However, this paper is confined to ETR since it is consistent with the Nigerian tax regulations (Astuti & Aryani, 2016). Again, reflects the aggregate proportion of the accounting income payable as taxes. It, therefore, measures tax avoidance relative to accounting earnings (Chytis, Tasios, Georgopoulos, & Hortis, 2019).

2.1.1. Managerial Ownership Heterogeneity and TAG

One critical arguments empiricist have documented over time centers on the linkage between MAOH and TAG. More so, managers may smooth past taxes using ETR (Sydney, & Wayne, 2019). Justifiably, managers may actively participate in decision making. Share ownership can motivate managers to

improve their performance and prosper the shareholders, so that they can increase company value while maintaining the company's survival. Furthermore, Jaffar, Derashid, and Taha (2021) stated that it able to minimize the occurrence of TAG. By implication, MAOH has an important influence in determining a company's tax aggressive policy.

Hartoto (2018) concluded that "managerial ownership has a significant negative (detering) effect on tax avoidance/sheltering". Hence, concluded that the greater the managerial ownership of the company, the lower the ETR that will be carried out by management. This is the position of the agency theory. Different results were obtained in research of Harahap (2023) and Ndiwu (2019) as they reported that, "managerial ownership had no effect on tax avoidance". However, based on the simultaneous test, managerial ownership simultaneously influences tax avoidance. Meanwhile, Adela, Agyei, and Peprah (2023) evidenced that, managerial ownership increases TAG behaviours of listed non-financial corporations in Ghana from 2010–2019. This is the position of the institutional distance theory which advocates that, managers in attempt to conceal some salient information may either shelter tax or avoid tax.

2.1.2. Foreign Investors' Ownership and TAG

Although, foreign investors are unlikely to have controlling power over domestic firms' decisions, especially in emerging markets, recent studies like that of Ogbeide and Obaretin (2018) evidenced that, foreign investors influences corporate policies to a very large extent. Justifiably, firms with higher foreign ownership tend to terminate poorly performing CEOs, consistent with the monitoring role of foreign investors. This is because; foreign investors can influence managers' financial reporting choices by affecting the composition of the board of directors (Chung, Lee, & Ryu, 2016). For example, an increase in foreign investors' shareholdings leads to a higher fraction of outsiders and more foreign directors on the board. These appointed directors, in turn, can directly influence managers' financial reporting practices to provide a smoother earnings path to meet foreign investors' preference. This change in the composition of boards also affects the selection of auditors. For example, Kim, Pevzner, and Xin (2019) document that, foreign investors demand high-quality audits to mitigate information asymmetry and to facilitate their external monitoring. Thus, foreign investors can exert an influence on managers' decision to hire auditors who can provide more informative earnings by smoothing earnings. In addition, shareholders may attract foreign investors through managers' earnings smoothing activities, as foreign investors improve firm monitoring, thus reducing agency costs. This is the position held by the institutional distance theory which argued that, because of institutional differences between foreign investors and their investee firms, FOIH may result to additional relational costs such as lack of trust for local managers, monitoring, and may also increase the opportunistic behaviour of local managers (BlackRock, 2017)

2.1.3. Institutional Ownership and TAG

Institutional ownership assumes a significant part in monitoring management because institutional ownership can build oversight of more optimal direction. After all, it is considered capable of effectively controlling decisions taken by management. The more prominent, the degree of governance to the board and can diminish irreconcilable situations among the executives and company owners. So that, the agency problems are reduced and can lessen openings for tax avoidance (Winata, 2014). Proprietors of institutional offers dependent on size and voting rights owned that can drive managers to focus on economic performance to get high profits by staying away from tax (Rombbunga & Pesudo, 2019). Institutional investors can analyse information and have a solid motivation to control the company's operations (Damayanti & Wulandari, 2021). The sizeable long-term ownership of institutional shareholders can make their aggressive tax policies smaller.

Researches on institutional ownership proves that, institutional ownership affects tax avoidance has been carried out by Fadila (2017), Fitriana and Rachmawati (2021), Ningrum and Nurasik (2021), and Damayanti & Wulandari (2021). Research by Suhadi (2018) proves that institutional ownership is not linked to tax avoidance. The same results are also shown by Fitria (2018), Rombbunga and Pesudo (2019), who, in their research, prove that institutional ownership is not linked to tax avoidance.

2.1.4. Family Ownership and TAG

Family-owned businesses will limit government expenditures (Fernández-Rodríguez & Martínez-Arias, 2012). Most Nigerian and South African businesses are family-owned (PWC, 2021). According to Ibrahim, and Hanefah (2016), family businesses are characterized by its ownership percentage, voting rights, strategic direction, generational participation, and active family management. From tax perspective, family businesses frequently avoid taxes. Agency theory says that telling more people about a family business's lower taxes than other businesses does puts the family's wealth and reputation at risk. This "family versus non-family" comparison study, which evaluates large family businesses, demonstrates the TAG of family businesses only by measuring family ownership risk.

Furthermore, family-owned businesses worry more about tax penalties and losses because they have more stocks and invest for a longer period of time. Majority-owned, non-public firms and families influence the TAG between the majority and minority shareholders. Disputes between agencies could escalate tax aggression. Work and supervision are imperfect when ownership differs from management, showing TAG. According to the study (Flamini, Flamini, Vola, Songini, & Gnan, 2021), family ownership influences TAG. Family participation and TAG are associated.

2.1.5. Concentrated Ownership and TAG

Owner concentration is a power-oriented ownership mechanism. Conceptually, concentrated ownership is an indicator of weak investor protection as it may also influence the firm's important decisions to extract rents. Owing to their control of decision making and involvement in managerial activities, agency discords between majority and minority shareholders may arise. The entrenchment effect suggests that, concentrated shareholders commit tax manipulation activities to expropriate minority owners. Also, ownership concentration resulted to higher level of TAG (Mafrolla, & D'Amico, 2016).

2.1.6. Intervening Effect Both Firm Size and LEV have on Corporate Ownership Heterogeneity and TAG

One most critical influencer of firm ownership and TAG is firm size reason being that, large firms are more open to public scrutiny than smaller firms (Songini & Gnan, 2021). As such, they try all they could are not TAG. In view of this, one should expect that, the larger the firm size in terms of its total assets (in this case), firm is less probable involved in TAG tendencies (Salawu & Adedeji, 2017).

Furthermore, highly leveraged (debt intensive) companies have substantial incentives to evade taxes to conserve funds for debt service. Consequently, the study suggests that leverage has little influence on tax evasion by Nigerian consumer products companies. Moreso, such companies are always under less pressure to use non-debt tax shelters and were more likely to benefit from administrative tax exemptions (Ogabo, Ogar, & Nuipoko, 2021).

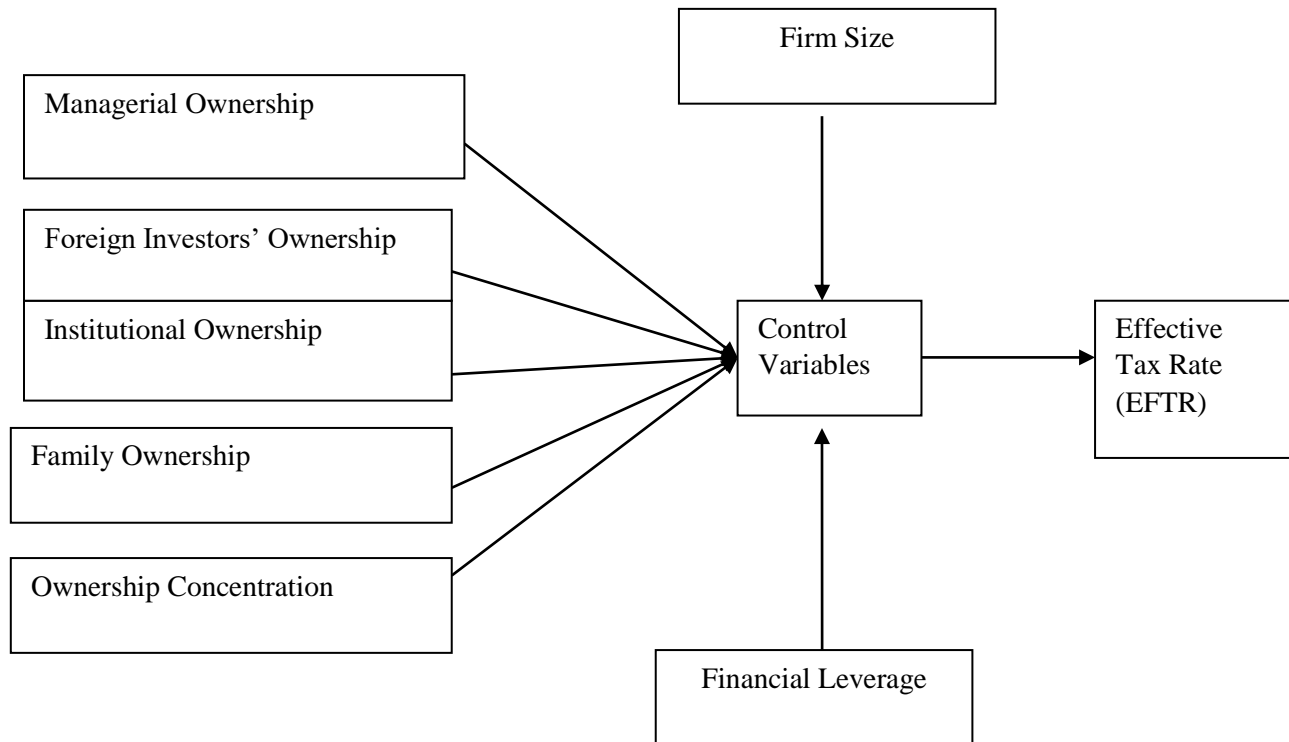


Figure 2.1: Corporate Ownership Heterogeneity and TAG Model
Source: Researcher's Model (2023)

3. METHODOLOGY

The study adopted the longitudinal design. The reason for using this research design, it permits the researcher to study the dynamics of change within a short time. The study population covered all the seventeen listed firms in the consumer goods sector as of 31st December, 2021. However, only ten (10) firms were sampled using the convenience sampling approach. The study sourced data from the annual reports of the sampled firms from 2012 to 2021.

The study adopted the panel data methodology since the study variables exhibited time series (2012 to 2021) and cross-sectional data (10 firms) characteristics. To determine which of the panel data estimates (Random effect model-REM, Fixed effect model-FEM, and the Pooled OLS-POLS) that is most appropriate for this study, the study adopted the Hausman test. The decision rule here is that:

H₀₁: REM is appropriate

H_{A2}: FEM is appropriate

To further ensure that, the model is fit for prediction, the model was further subjected to Breusch Pagan test. The decision rule here is that:

H₀₁: POLS is appropriate

H_{A2}: REM is appropriate

Other diagnostic tests conducted are: (i) normality test (ii) Multicollinearity test (iii) Heterogeneity test. The statistical package used to run the regression is E-Views 9.

Model Specification

This paper adopted the models of Ogbeide and Obaretin (2018). Their model is stated as:

$$ETR_{it} = \alpha_i + ETR_{it-1} + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 Owncont_{it} + \beta_4 Mgo_{it} + \varepsilon_{it} \dots\dots\dots 1$$

Where:

- ETR= Effective tax rate
 - BSIZE= Board size
 - BIND= Board Independence
 - OWNCONT= Ownership Concentration
 - MGO= Managerial Ownership Concentration
 - BGEND= Board Gender Diversity
- However, our model is stated as:

$$TAG_{it} = \partial_0 + \partial_1 MAOW_t + \partial_2 FLOW_{it} + \partial_3 INOW_{it} + \partial_4 FAOW_{it} + \partial_5 OWCT + \mu_{it-2}$$

Introducing the control variables

$$TAG_{it} = \partial_0 + \partial_1 MAOW_t + \partial_2 FLOW_{it} + \partial_3 INOW_{it} + \partial_4 FAOW_{it} + \partial_5 OWCT + \partial_6 FISZ_{it} + \partial_7 LEV_{it} +$$

$\mu_{it} \dots 3$

Where:

- TAG Tax Aggressiveness
- MAOW = Managerial Ownership
- FLOW = Foreign investors' ownership
- INOW = Institutional ownership
- FAOW = family ownership
- OWCT = Ownership concentration.
- FSIZ = Firm size
- LEV = Leverage
- i = ith firm
- t = time period
- u_t = Stochastic term.

The apriori signs are $\partial_1 < 0, \partial_2 < 0, \partial_3 < 0, \partial_4 < 0, \partial_5 > 0, \partial_6 < 0, \partial_7 < 0, \partial_8 < 0$.

Table 1: Variable Measurement and Source

Denotations	Nature of Variables	Measurement	Source
TAG	Dependent	ETR (tax expense/pre-tax income)	Onyali and Okafor (2018)
MAOW	Independent	% of equity shares owned by directors.	Ogabo, Ogar, and Nuipoko (2021)
INOW	Independent	% of Total Shares held by Institution	Ogabo, Ogar, and Nuipoko (2021)
FLOW	Independent	% of equity shares owned by the foreign investor to the outstanding shares	Rahmasari, Probohudono, and Setiawan (2020)
FAOW	Independent	Presence of family ownership is denoted by 1 while no foreign investor is denoted by 0.	Songini and Gnan (2021)
OWCT	Independent	% of Total Shares held by High Block holdings	Songini and Gnan (2021)
LEV	Control	Debt-equity ratio	Ogbeide and Obaretin (2018)
FSIZ	Control	Log of total assets	Ogbeide and Obaretin (2018)

Source: Researcher's compilation (2023)

4. RESULT ESTIMATIONS AND DISCUSSIONS

This paper began with the preliminary analysis and then the presentation and discussion of the main regression result.

4.1. Preliminary Analysis

4.1.1: Descriptive Statistics

Table 2 presents the result for the descriptive statistics for the variables with emphasis on mean, median, standard deviation, maximum, and minimum values respectively.

Table 2: Descriptive Statistics

Variables	Mean	Median	Maximum	Minimum	Std. Dev.	Observations
TAG	0.483159	0.511300	0.899000	0.044540	0.061008	100
MAOW	0.133704	0.006250	0.766000	0.000100	0.023251	100
FIOW	0.630000	1.000000	1.000000	0.000000	0.133749	100
INOW	0.577600	0.725000	0.880000	0.110000	0.023262	100
FAOW	0.067401	0.045550	0.489900	0.002400	0.024167	100
OWCT	0.123739	0.075350	0.489600	0.001300	0.046645	100
FSIZ	6.602010	6.437900	8.951130	3.732600	0.129673	100
LEV	1.996473	2.135800	3.732800	0.110600	0.214939	100

Source: E-views 9 (2023)

As observed from table 2, the average Tax Aggressiveness (TAG) value for the reviewed periods 0.483159/48.32% but fluctuated by 0.061008/6.10%. This suggests that the series is moderately dispersed from the mean. Meanwhile, TAG has a maximum and minimum value of 0.899000 and 0.044540 respectively. More so, managerial ownership (MAOW) has a mean value of 0.766000 but deviated by 0.000100 suggesting the series is slightly dispersed from its mean, with values fluctuating between a maximum of 0.133704 and a minimum of 0.023251. Meanwhile, foreign investors' ownership (FIOW) has a mean value of 0.630000 but deviated by and 0.133749 suggesting the series is slightly dispersed from its mean, with values fluctuating between a maximum of 1.000000 and a minimum of 0.000000.

Furthermore, Institutional ownership (INOW) has a mean value of 0.577600 but deviated by 0.880000 suggesting the series is slightly dispersed from its mean, with values fluctuating between a maximum of 0.110000 and a minimum of 0.023262. Meanwhile, family ownership (FAOW) has a mean value of 0.067401 but deviated by 0.024167 suggesting the series is slightly dispersed from its mean, with values fluctuating between a maximum of 0.489900 and a minimum of 0.002400. Again, OWCT has a mean value of 0.123739 but deviated by 0.489600 and a minimum of 0.001300 suggesting the series is slightly dispersed from its mean, with values fluctuating between a maximum of 0.489900 and a 0.002400.

Additionally, FSIZ and LEV have average values of 6.602010 and 1.996473 but deviated by 0.129673 and 0.214939 respectively. Meanwhile, both have maximum values of 8.951130 and 3.732800 and minimum values of 3.732600 and 0.110600 respectively.

4.1.2. Pearson Correlation Statistics

The correlation results provide some preliminary insight into the nature, direction, and the extent of linearity among variables. The result is therefore interpreted in table 3:

Table 3: Correlation Matrix

	TAG	MAOW	FIOW	INOW	FAOW	OWCT	FSIZ	LEV
TAG	1.0000							
MAOW	0.4552	1.0000						
FIOW	-0.3220	-0.1676	1.0000					
INOW	-0.1306	-0.2773	0.2107	1.0000				
FAOW	0.5661	0.3292	-0.3036	-0.3101	1.0000			
OWCT	-0.0223	0.3744	0.3169	-0.2780	0.2758	1.0000		
FSIZ	-0.0436	-0.1563	0.1355	-0.1143	-0.2205	0.2163	1.0000	
LEV	0.2892	-0.0907	-0.2016	-0.1954	0.1938	0.0236	0.1342	1.0000

Source: E-views 9 (2023)

From table 3, FLOW (foreign investors' ownership) has negative correlation values of -0.321955 signaling that, a negative moderate relationship subsists between tax aggressiveness (TAG) and foreign investors' ownership (FLOW). Meanwhile, institutional ownership (INOW), and ownership concentration (OWCT) and firm size (FSIZ) have negative correlation values of -0.130593, -0.022297, and -0.043571 respectively. This signals that, a negative weak relationship subsist Institutional ownership (INOW), and ownership concentration (OWCT) and firm size (FSIZ). This implies that, increase in foreign investors' ownership (FLOW), Institutional ownership (INOW), and ownership concentration (OWCT) will reduce tax paid which in turn increase tax aggressiveness.

Furthermore, managerial ownership (MAOW), and family ownership (FAOW) have positive correlation values of 0.455220, and 0.566138. Meanwhile, leverage (LEV) has positive correlation values of 0.289205 signaling that, LEV have direct weak relationship with TAG.

Lastly, the possibility of multicollinearity problem is rare in the series since all outputs are less than ($<$) ± 0.5 (50%) indicating that Olokoyo, Worlu, Babatope, and Agbogun (2022) recommendations were attained.

4.1.3. Diagnostic Tests

To ensure that the regression results are fit for policy formulation, the model was subjected to multicollinearity test, normality test; Ramsey reset test, Heteroskedasticity test, and model estimation diagnostic tests. They are discussed below:

Table 4: Multicollinearity Test-Nigeria

Variable	VIF	Tolerance Value	Conclusion
MAOW	1.9059	0.5247	Free from Multi-collinearity
FLOW	1.6784	0.5958	Free from Multi-collinearity
INOW	1.9037	0.5253	Free from Multi-collinearity
FAOW	1.8277	0.5471	Free from Multi-collinearity
OWCT	3.7457	0.2670	Free from Multi-collinearity
FSIZ	1.7664	0.5661	Free from Multi-collinearity
LEV	2.9823	0.3353	Free from Multi-collinearity
Average	2.2586	0.4802	Free from Multi-collinearity

Source: E-views 9 (2023)

From Table 4, no multicollinearity problem exist since their VIF values are below 10 and tolerance value below 5.

Table 5: Normality Test

Variables	Jarque-Bera	Probability	Observations	Decision
TAG	0.926275	0.629306	100	Normally Distributed
MAOW	0.534363	0.765534	100	Normally Distributed
FLOW	1.199271	0.549012	100	Normally Distributed
INOW	1.359005	0.506869	100	Normally Distributed
FAOW	0.500436	0.778631	100	Normally Distributed
OWCT	2.539289	0.280932	100	Normally Distributed
FSIZ	1.125086	0.569758	100	Normally Distributed
LEV	0.750604	0.687082	100	Normally Distributed

Source: E-views 9 (2023)

From table 5, all the study variables reported **Jarque-Bera** of 0.926275, 0.534363, 1.359005, 1.199271, 2.539289, 0.500436, 1.125086, and 0.750604 respectively with a probability values of 0.629306, 0.765534, 0.506869, 0.549012, 0.280932, 0.778631, 0.569758, and 0.687082. This indicates that, the model residuals are normally distributed. This further suggests that, the model is fit for parametric analysis

Table 6: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	4.909882	Prob. F(7,92)	0.1097
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From the table 6, the Prob. Chi-Square stood at 0.1097 evidencing that, the residual of the model is Homoskedastic since its Prob. Chi-Square estimated at 0.3607 is > 5% level. Hence, the study concludes the model is reliable and fit for prediction.

Table 7: Model Estimation-Diagnostic Test

Test	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Breusch-Pagan	27.69370 (0.0000)	2.213191 (0.1368)	29.90689 (0.0000)
Test period random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	0.805529	7	0.9767

Source: E-views 9 (2022)

From Table 7, both tests (LM Test and Hausman Tests) reported that the REM is appropriate for the study. Sequel to this, the REM estimate was used to run the analysis.

4.3. Regression Result

Having ascertained that the model is free from both multicollinearity problem and normality issues, and is Homoskedastic, as well as supports the REM, the REM estimate is in table 8:

Table 8: Regression Estimate-REM

Dependent Variable: TAG
 Method: Panel EGLS (Period random effects)
 Sample: 2012 2021
 Periods included: 10
 Cross-sections included: 10
 Total panel (balanced) observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.609098	0.206975	7.774375	0.0000
MAOW	0.439535	0.171759	2.559016	0.0117
FIOW	0.308986	0.139375	2.216933	0.0287
INOW	-0.016610	0.093017	-0.178569	0.8586
FAOW	-0.030574	0.025831	-1.183606	0.2898
OWCT	0.294496	0.083689	3.518919	0.0006
FSIZ	0.068227	0.132557	0.514701	0.6077
LEV	-0.424456	0.160293	-2.648002	0.0093
Effects Specification				
			S.D.	Rho
Period random			0.000000	0.0000
Idiosyncratic random			0.461351	1.0000
Weighted Statistics				
R-squared	0.552960	Mean dependent var		0.646154
Adjusted R-squared	0.518805	S.D. dependent var		0.480012
S.E. of regression	0.450597	Sum squared resid		25.17664
F-statistic	4.478417	Durbin-Watson stat		1.746026
Prob(F-statistic)	0.000872			
Unweighted Statistics				
R-squared	0.552960	Mean dependent var		0.646154
Sum squared resid	25.17664	Durbin-Watson stat		1.746026

Source: Author's Computation Using E-views 9 (2022)

The multi-regression shows a R^2 of 55.30%. Hence the model is a good fit for the data as 55.30% of the variation in TAG is explained by the four independent variables. The F-value test statistic was below 0.5 showing that the model as a whole has statistically significant predictive capability with its four predictive variables. Further, the Durbin-Watson (DW) test was employed as a statistical test to detect autocorrelation. Results show an output of 1.7 which is within the recommended autocorrelation range of 1.5-2.5, hence observations was independent. Consequently, the five research hypotheses postulated in null forms are tested in the next section.

Table 9: Summary of Hypotheses Testing

Corporate Board Heterogeneity and Tax Aggressiveness-Nigeria			
Variable	Prob.	Decision Rule	Conclusion
$H_{01}: MAOW \neq TAG$	0.0117	Reject $H_{01}: MAOW \neq TAG$ if its p-value is <5% otherwise accept it	Reject H_{01}
$H_{02}: FLOW \neq TAG$	0.0287	Reject $H_{02}: FLOW \neq TAG$ if its p-value is <5% otherwise accept it	Reject H_{02}
$H_{03}: INOW \neq TAG$	0.8586	Reject $H_{03}: INOW \neq TAG$ if its p-value is <5% otherwise accept it	Accept H_{03}
$H_{04}: FAOW \neq TAG$	0.2898	Reject $H_{04}: FAOW \neq TAG$ if its p-value is <5% otherwise accept it	Accept H_{04}
$H_{05}: OWCT \neq TAG$	0.0006	Reject $H_{05}: OWCT \neq TAG$ if its p-value is <5% otherwise accept it	Reject H_{05}

Source: Researcher's Compilation Based on E-Views Version 9.0 Output (2023)

The REM estimate as presented in table 9 evidenced that, managerial equity ownership and TAG having controlled for both firm size and LEV is positive such that it reported a positive coefficient value of 0.439535, alongside a high positive t-value of 2.559016. This suggests the possibility of misalignment of interest even managers is co-owners. The rationalization here is that, managerial equity ownership creates incentive for directors to protect their financial stake in the firm. This result is in tandem with the Songini and Gnan (2021); Ogabo, Ogar, and Nuipoko (2021); Ogbeide and Obaretin (2018) findings.

Again, FLOW reported a positive coefficient value of 0.308986, positive high t-value of 2.216933 and a p-value of 0.0287. By implication, an increasing proportion of foreign investors increase tax planning/aggressiveness which in turn reduces ETR. By implication, foreign investors are important tax aggressiveness influencer.

Furthermore, 1% rise in Institutional ownership will reduce ETR rate by an insignificant value of 1.66%/0.016610 units. This in turn increases tax aggressiveness by 1.66%/0.016610 units. This further reveals that, the more institutions have stake in quoted firms in Nigeria, the higher the extent of tax aggressiveness/shielding. Meanwhile, increasing ownership concentration will only increase tax aggressiveness minimally. This result is in tandem with the Apriori expectation of this study. This result is in tandem with Dirk and Johannes (2017) findings but deviated from the Rahmasari, Probohudono, and Setiawan (2020) findings.

Additionally, 1% rise in equity owned by family members will reduce ETR by a minimal value of 3.06% which in turn will increase tax burden/ tax aggressiveness by same minimal value of 3.06%. This further reveals that, the higher the family members' ownership percentage, the lower the ETR. However, such degree in ETR and increase in tax burden is not statistically significant. By further implication, this finding provides evidence that few family ownership tend to hijack control and influence management to engage in tax aggressiveness for their own interests instead of minimising it. This result however deviated from the apriori expectation of result. The justification for this is that, family form of ownership of stock is not common corporate board heterogeneity in Nigeria. This is in tandem with the Chytis, Tasios, and Filos (2020); Mafrolla and D'Amico (2016) findings but deviated sharply from Songini and Gnan (2021); Ogabo, Ogar, and Nuipoko (2021); Puji, Rahmawati, Aryani and Setiawan (2019); Dirk and Johannes (2017) findings.

Lastly, the study reveals that, ownership concentration is a critical factor which influences TAG. This further revealed that, the concentrated shareholders did not give managers enough room to use the entrenchment effect to increase tax burden. However, the study reaffirmed that, the presence of high ownership concentration induced shareholders to actively monitor managers since non-value maximizing decisions will have significant impact to majority shareholders. This makes ownership concentration act as a mechanism to reduce agency conflicts supports agency theory and Handayani and Ibrani (2019); Salaudeen and Ejeh (2018) findings but deviated from Chytis, Tasios, and Filos (2020); Ogbeide and Obaretin (2018); Mafrolla and D'Amico (2016) findings.

5. CONCLUSION, RECOMMENDATIONS

The paper concludes that, corporate board heterogeneity is relevant to TAG practices. Consequently, the following recommendations were made:

- a. To reduce the principal-agent conflict while enhancing tax planning, quoted firms in Nigeria should encourage managerial shareholding.
- b. Shareholders should be encouraged to own more substantial shares since foreign shareholding contributes significantly in tax aggressiveness.
- c. More institutional investors should be encouraged since institutional ownership reduces tax planning/aggressive significantly.
- d. There is need for offering long-term equity compensation plans to family members that hold stake in firms.
- e. Concentrated owners should awaken to their responsibility of monitoring managers' tax planning activities more closely to prevent any entrenchment effect of managerial ownership.

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