DIRECTORS DIVERSITY, BUSINESS STRATEGY, SALES GROWTH ON TAX AVOIDANCE

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Abstrak
Tujuan Utama - Tujuan utama dari penelitian ini adalah untuk menguji dan menganalisis pengaruh keragaman direksi, strategi bisnis, pertumbuhan penjualan terhadap tindak penghindaran pajak.
Metode - Penelitian ini merupakan studi deskriptif dan verifikatif dengan purposive sampling dari 80 perusahaan yang terdaftar di sektor kesehatan dan sektor telekomunikasi periode 2018-2021. Teknik analisis data yang digunakan adalah model persamaan jalur PLS-SEM dengan SmartPLS 3.2.8.
Temuan Utama - Keragaman direksi berpengaruh positif terhadap pemilihan tipe strategi bisnis perusahaan, pemilihan tipe strategi bisnis berpengaruh positif pada pertumbuhan penjualan, keragaman direksi berpengaruh positif pada tingkat pertumbuhan penjualan. Temuan yang lain juga menemukan bahwa keragaman direksi berpengaruh positif pada tingkat pertumbuhan penjualan. Keragaman direksi berpenagruh negative pada tingkat penghindaran pajak, keragaman direksi berepengaruh positif terhadap pertumbuhan penjualan melalui strategi bisnis.
Implikasi Teori dan Kebijakan - Hasil penelitian perlu diperhatikan perusahaan, ataupun pemerintah seperti Direktorat Jenderal Pajak agar lebih menerapkan jajaran direksi yang heterogen karena memberikan perubahan dan dampak positif bagi perusahaan. Oleh sebab itu perusahaan harus mengurangi kesenjangan antara pria dan wanita dengan membuat sebuah kebijakan yang mendororng keragaman direksi dari segi gender karena akan memberikan ruang untuk saling menjaga terutama dalam hal antisipasi penghindaran pajak.
Kebaruan Penelitian - Penelitian sebelumnya hanya menguji mengenai strategi bisnis pada penghindaran pajak, namun dalam penelitian ini penelitian menambahkan variabel keragaman direksi, penelitian ini juga dilakukan pada masa pandemi Covid-19 pada sektor yang sedang mengalami pertumbuhan, yaitu sektor kesehatan dan sektor telekomunikasi.

Abstract
Main Purpose *- This study aims to analyze the effect of directors diversity, business strategy, sales growth on tax avoidance.*
Method *- This research is a descriptive and verification study with a quantitative approach, used purposive sampling that are included in the healthcare sector and the telecommunications sector listed on the Indonesia Stock Exchange period 2018-2021. The data analysis technique used in this research is the PLS-SEM with SmartPLS 3.2.8.*
Main Findings *- The results of the study found that: 1) the directors diversity have an effect on tax avoidance, while sales growth and business strategy have no effect on tax avoidance; 2) the directors diversity have an effect on business strategy; 3) business strategy and directors diversity have an effect on sales growth; 5) directors diversity have an effect on sales growth through business strategy.*
Theory and Practical Implications *- The results of this research need to be considered by companies, or governments such as the Directorate General of Taxes, so that they apply more heterogeneous board of directors because they provide change and have a positive impact on the company. Therefore companies must reduce the gap between men and women by making a policy that encourages diversity of directors in terms of gender because it will provide room for mutual care, especially in terms of anticipating tax avoidance.*
Novelty *- This research added a variable of diversity of directors. This research was also conducted during the Covid-19 pandemic in sectors that were experiencing growth, namely the health sector and the telecommunications sector.*

Keywords: Business Strategy; Sales Growth; Director Diversity; Tax Avoidance

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INTRODUCTION

The Covid-19 pandemic, which has occurred for the past two years, has affected world trade growth so that in 2020 it must experience a contraction of up to minus 8.3% (Kementerian Keuangan, 2019). The BPS survey shows that 82.85% of companies in Indonesia have recovered from the Covid-19 virus pandemic (Nurhaliza, 2021). The decline in the Indonesian economy during the Covid-19 pandemic affected the decline in tax revenue performance at the end of the third quarter of 2020 (Maulani et al., 2021). Even if we look at the initial emergence of this virus, there are several sectors that have shown negative growth for their companies. The company is one of the taxpayers that makes the largest contribution to state tax revenues. However, the phenomenon is that tax revenues are always not optimal (Nurhaliza, 2021). This can happen because in practice the taxpayer actively resists by doing tax evasion. Companies do tax avoidance by exploiting weaknesses in tax provisions (Puspita & Febrianti, 2017), because they are considered legal and do not violate tax regulations. Differences in different tax rates in various countries will also make companies develop business strategies in terms of paying corporate taxes.

Higgins et al (2015) state that the business strategy is divided into two types, namely prospectors and defenders. The prospector's business strategy focuses more on innovation, trying to maintain a competitive position by seeking opportunities to continue to grow and develop so that it tends to be more aggressive in tax avoidance. While the defender business strategy focuses more on the right budget in determining strategy and focuses on protecting the company's market share so that it tends not to act on tax evasion. This type of strategy considers the high costs of tax avoidance because of the focus on low costs (Arieftiara, Utama, Wardhani, 2015). Business strategy can improve company performance. One type of business strategy, prospectors tend to get bigger profits because their market share is wider. Company performance can be measured based on sales growth. The company's good growth rate is marked by sales growth which increases every year, enabling the company to improve its company's operations. Conversely, if growth declines, the company will find it difficult to increase its company's operations.

Previous studie have found that sales growth influences companies to take tax avoidance measures (Baroroh & Apriyanti, 2020; Dewinta & Setiawan, 2016; Fauzan et al., 2019; Wahyuni et al., 2017), one study found that sales growth has a relationship negative with tax evasion (Hidayat, 2018; Pangaribuan et al., 2021; Ramadhani et al., 2020), and other research finds that sales growth does not affect companies to take tax evasion (Swingly & Sukartha, 2015). If it is related to stakeholder theory, the higher the profit that the company gets, it will be in accordance with the amount of tax that will be issued by the company to the fixus because it is felt to have a responsibility to the government so that sales growth influences the company not to take tax evasion actions. Companies that have good performance will generate large profits and are able to pay taxes according to the amount they should.

In addition to business strategy and sales growth, the role of the board of directors is no less important in the company's consideration process in terms of taxation. The upper echelon theory revealed by Hambrick & Mason (1986) argues that the characteristics of board diversity will have a significant impact on company behavior in decision making. The characteristics in this study are characterized by gender diversity, educational level and national diversity. This of course will provide management considerations to be wiser in tax avoidance. Geder diversity within the board of directors seeks to reduce tax evasion (Hoseini et al., 2019), while directors with diverse nationalities and educational backgrounds can improve corporate social performance (Harjoto et al., 2019).

This research was conducted to examine the factors that can influence tax evasion either directly or indirectly. Based on the explanation above, research will be conducted to find more relevant results by adding firm characteristics such as sales growth, business strategy and diversity of directors. This research focuses on companies that enter the health sector and the telecommunications sector. This is because these two sectors recorded good growth rates and you could say these sectors were sectors that could survive during the Covid-19 pandemic. The research was conducted in two years of observation, namely before the Covid-19 pandemic and during the Covid-19 pandemic.

METHOD

The type of data used in this research is quantitative data which is the annual report and financial statements of the healthcare and telecommunication companies and has been registered on the Indonesian Stock Exchange for the period 2018-2021. The sampling technique uses purposive sampling, which means the sample is selected based on certain criteria that are fit with the research objectives. The sample criteria can be seen in table 1.

Table 1. Criteria of Sample Selection

Criteria	Number of Firms	Number of Data
Telecommunication and Healtcare companies listed on Indonesian Stock Exchange in 2018-2021	42	168
The companies which do not complete financial statements and anuual report for 2018-2021	(5)	(20)
The companies present the reports in IDR	0	0
The companies which suffer from loss during the research period	(17)	(68)
Selected Sample	20	80

Source: Processed data, 2022

This research uses tax avoidance as a dependent variable. The independent variable in this study are the directors diversity, business strategy and sales growth. The operational definitions of each variable are:

Tax Avoidance

CETR as paid tax cash is divided by book income before tax, CETR identifies all tax avoidances activities that reduce tax cash (Richardson et al., 2016)

$$CETR = \frac{\text{cash tax paid}}{\text{Pretax income}}$$

Sales Growth

Sales growth shows development of growth rate from year to year (Bommaraju et al., 2019; Swingly & Sukartha, 2015; Wahyuni et al., 2017)

SG=final sales period-initial sales periode/initial sales periode

Business Strategy

a. The Ratio of Employees to Sales (EMPS) is a proxy for a firm’s ability to produce and distribute its goods and services efficiently.

$$EMPS = \frac{\text{number of employees}}{\text{sales}}$$

b. The Ratio of Research and Development to Sales as a measure oof a firm’s propensity to seek new products.

$$RDS = \frac{R\&D}{Sales}$$

c. Market to Sales Ratio (MTS)

$$MTS = \frac{\text{advertising expenses}}{\text{Sales}}$$

d. The Intensity of Fix Assets, measured as the ratio of net property-plant and equipment to lagged total assets, to capture a firm’s focus on production assets.

$$FAI = \frac{Fix\ Assets}{Total\ Assets}$$

1, if the point score is above the total average score (13-20), 0 if the point score is below it the average score (4-12) (Higgins et al., 2015)

Directors Diversity

a. Gender (WOB), use dummy variable,1 if the companies have female directors; 0, the companies only have man directors. (Hoseini et al., 2019; Pucheta-Martínez & Bel-Oms, 2019; Richardson et al., 2016)
b. Education (EDU), Educational level was defined as a dummy variable. 1, if directors have a higher degree than bachelor's degree or have more degree. 0 for directors only have a bachelor's degree. (Ruigrok et al., 2007; Villesèche & Sinani, 2021)
c. Nationality (NAT), 1, if companies have directors foreign nationality except Indonesian, 0 if companies have Indonesian directors. (Ruigrok et al., 2007; Villesèche & Sinani, 2021)

This research uses secondary data and the data collection technique is documentation. Data analysis in this research uses descriptive statistics with the Structural Equation Modeling (SEM) analysis technique based on PLS-SEM 3.2.8. Hypothesis testing using SEM analysis with mediating variables.

RESULTS AND DISCUSSION

The data for directors diversity in this research are presented in figure 1-3.

Figure 1. Indicator by Gender

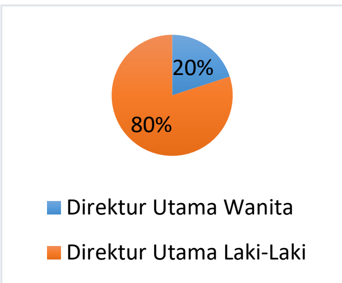


Figure 2. Indicator by Nationality

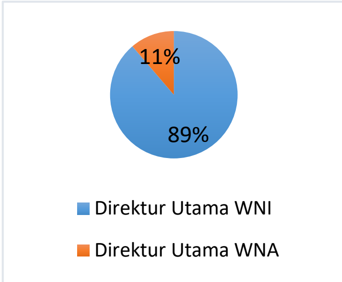
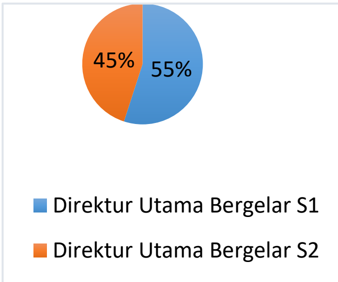


Figure 3. Indicator by Education



The result of the descriptive statistics of the directors diversity are presented in figure 1-3. Based on the pie chart above, as many as 74 companies out of the total sample have a male board of directors. The remaining 20% or as many as 16 companies have female directors. This indicates that of the two sectors used as research, namely the telecommunications sector and the health sector, the majority of companies amounting to 80% are still led by male board of directors. This means that there is still a lack of female leadership in these two sectors. Furthermore, in terms of national diversity. Based on Figure 2, as many as 71 companies out of the total sample have Indonesian citizens (WNI) board of directors. The remaining 9 companies are foreign nationals (WNA) on the board of directors. This indicates that most of the companies still choose Indonesian board of directors. This can happen because the company that stands is a company formed in the country (Indonesia) so that the majority of the leadership and board of directors are still many Indonesian citizens. Finally, in terms of diversity in educational levels. Based on Figure 3, as many as 44 companies out of the total sample there are still companies whose board of directors hold degrees equivalent to stratum 1 or S1 only.

However, the number of directors who have a master's degree or additional professional degrees is no less numerous, namely as many as 36 companies whose main directors hold master's degrees and also have additional degrees like other professional degrees

The data for business strategy are presented was presented in table 2:

Table 2 Business Strategy Frequency Distribution

Keterangan	Frekuensi	Persentase
Skor 4-12 (*Defender)*	41	51.3%
Skor 13-20 *(Prospector)*	39	49,7%
Total	80	100%

Source: processed data, 2022

The frequency table shows that 48.7% or 39 companies that are sampled prefer strategic business prospectors, the remaining 51.3% or 41 companies prefer strategic business prospectors. It can be concluded that companies that enter the telecommunication sector and the health sector in the period 2018 to 2021 are companies that are more focused on products so that the products or services produced are of high quality.

Next, table 3 are presented in table 3 which includes minimum value, maximum valued, standard deviation.

Table 3 Descriptive Statistics

	N	Mean	Std Deviation	Min	Max
Sales Growth	80	0.235	0.421	-0.254	2.568
Tax Avoidance	80	0.256	0.139	0.003	0.791

Table 3 shows the summary statistics for the sales growth variable and tax avoidance variable. We see that the mean of sales growth is lower than the standard deviation, which means that the data are distributed heterogeneously. The mean of tax avoidance is higher than the standard deviation, which mean that the data distribution is homogeneous. However, the maximum value of sales growth is 2,568 and minimum value is -0,254. The maximum value of tax avoidance is 0,256 with minimum value is 0,003.

In the table 3 above, the lowest sales growth value in this study is -0.254 or 25.40% by the Organon Pharma, Tbk (SCPI) because the company experienced a decrease in operating income in 2021. This decrease in revenue was due to a decrease in company activity by issuing less production results because at the beginning of the year 2021 companies are more focused on diverting business. This caused the sales growth rate to be minus because the company lost Rp 734,106,831,000 in revenue. The highest value is 2,568 by the Diagnos Laboratory Utama Tbk, because in 2020 the company shows a positive and significant level of sales growth. The COVID-19 outbreak that occurred in early 2020 had a good impact on the company, because the company immediately released a new product that was needed by the public during the pandemic, namely a tool for testing COVID-19. This resulted in an increase in revenue of 256.80% compared to the previous year's income. As for tax evasion, out of a total of 80 samples the lowest value of the CETR variable was 0.003 by the Main Laboratory Diagnostics Tbk company in 2018. This indicates that the payment issued by the company from cash for taxes was very small at IDR 37,640,670. The highest CETR value was 0.791 by the company Royal Prima Tbk in 2019. This value shows that the tax burden paid by the company is IDR 4,890,369,007. The average value is 0.243 or 24.3%, which means that basically the company has paid taxes according to the applicable rates.

Table 4 Summary of Hypothesis Testing uses SEM

Variables	T Statistics (|O/STDEV|)	Original Sample (O)	P Values	Result
DD -> SB	3.820	0.412	0.000	H1 accepted
SB -> SG	1.984	0.266	0.023	H2 accepted
DD -> SG	1.803	0.277	0.036	H3 accepted
DD -> CETR	1.919	-0.255	0.027	H4 accepted

SG -> CETR	0.126	-0.020	0.449	H5 rejected
SB -> CETR	0.227	0.026	0.410	H6 rejected
DD -> SB -> SG	1.655	0.109	0.049	H7 accepted
DD -> SB -> CETR	0.221	0.014	0.412	H8 rejected
SB -> SG -> CETR	0.114	-0.005	0.455	H9 rejected

Source: processed data, SmartPLS 2022

From the table above, it can be concluded that the diversity of directors has a significant positive effect on the company's business strategy with a parameter coefficient value of 0.412 and a significance value of 0.000 so that H1 is accepted. Then the business strategy variable also influences sales growth with a coefficient value of 0.266 and a significance value of 0.023 so that the research H2 is accepted. Furthermore, the diversity of directors on sales growth shows a parameter coefficient of 0.277 and a significance value below alpha of 0.036. This shows that the diversity of directors has a significant positive effect on sales growth so that H3 is accepted. The director diversity variable also shows a significant negative effect on tax evasion, this is indicated by the efficiency value obtained of -0.255 and an alpha value of 0.027 so that the research H4 is accepted. The sales growth rate variable shows a negative effect on tax evasion with a coefficient parameter value of -0.02 but it is not significant based on the results seen from the alpha value above 0.05 which is 0.449 so that the H5 research is rejected. Finally, the business strategy for tax avoidance yields a result of 0.026 which indicates a positive but not significant effect because the significance value of 0.410 is greater than the 5% alpha value. This shows that the research hypothesis is rejected.

Based on the table above, it can be seen that the significant value of the influence of the Diversity of Directors (DD) on the level of sales growth (SG) obtains a significance value of 0.049 <0.05, T count < t-table 1.655 <1.989, so that the business strategy variable (SB) is also a variable mediator because it can mediate the effect of diversity of directors (DD) on sales growth rates. Therefore, the research hypothesis is accepted. Furthermore, the significance value for the influence of Directors' Diversity (DD) on Tax Avoidance (CETR) is 0.412> 0.05, T count <t-table 0.221 <1.989, so the research hypothesis is rejected and it can be concluded that the sales growth variable (SG) is not a mediator variable. In other words, the sales growth variable cannot mediate the effect of the diversity of directors and tax evasion variables. The indirect effect of business strategy on tax avoidance yields 0.455>0.05, and Tcount < t-table, namely 0.114<1.989 so that the research hypothesis is rejected. The sales growth variable is not a mediating variable because it cannot mediate the effect of business strategy on tax evasion in this study.

The Effect of Directors Diversity on Business Strategy

The results of testing hypothesis 1 are accepted. The findings of this study indicate that the directors diversity has a positive effect on the business strategy. The diversity of directors has a positive influence on choosing the type of company's business strategy. Diversity within the board of directors, both in terms of gender, education level and heterogeneous level of citizenship will result in a wider and more developed perspective and various kinds of ideas, so that a main director will receive more input, so that the company's innovation strategy will be far better because the diversity of directors is better able to handle demands and solve problems related to decisions that are much better. The results of this study also supported by the upper echelon theory (Hambrick, 2007), which state that the characteristics of leaders characterized by gender diversity, educational level and national diversity influence decision making.

The results of this research are supported by previous studies (Carvajal et al., 2022; Farag & Mallin, 2016; Fuente et al., 2017; Goll et al., 2008; Hambrick, 2007; Herusetya & Suryadinata, 2022; Nikomborirak, 2001; Wiersema & Bantel, 1992) which stated that the characteristics of top management influence the selection of business strategy in a company. This research is different from previous studies, because it was carried out in different countries, namely Indonesia and also added three indicators, namely gender diversity, diversity in education levels and diversity of nationalities into one variable diversity of directors.

The Effect of Business Strategy on Sales Growth

The results show that the type of business strategy has a positive and significant effect on sales growth, which means H2 is accepted. Determining the type of business strategy in a company certainly has an impact on company performance, especially the company's financial performance as measured by the level of sales growth. Companies that fall into the prospector type actually show a higher level of sales growth. This can happen because prospectors have greater intensity on new products which makes sales growth increase. The new product issued by the company was considered superior because at that time it was the only product being sold, so it was more dominant and the price sold could be higher because consumers would not be able to compare it with other prices.

The results of the study are in line with the typology put forward (Miles et al., 1978) which reveals that corporate strategy is the company's way of determining the company's position among its competitors, the determination of strategic policies that are implemented will have an impact on company performance. This competitive advantage is a form of strategy for the company in its survival to maintain its goals, financial performance. Previous research also found that the average prospector type sales growth was much greater than the defender type sales growth (Sudaryati & Amelia, 2015). The results of this study prove that the business strategy chosen by the company brings benefits in terms of sales growth. This research is different from previous research, where hypothesis testing directly tests two strategies at once that fall into one business strategy variable.

The Effect of Directors Diversity on Sales Growth

The results, it shows that the results of H3 are accepted, so that the results of testing the diversity of directors hypothesis have a positive and significant influence on sales growth. This is indicated, when the composition of the board of directors has heterogeneous characteristics, it can increase the value and performance of the company, one of which is sales growth. Diversity provides diverse, broader, more open views and it can be concluded that when there is diversity in gender, diversity in education levels and diversity of nationalities can generate higher profits because from this diversity grows a strong sense of desire to achieve extraordinary performance. normal. This study supports previous research (Ararat et al., 2015; Ararat & Yurtoglu, 2021; Cheng et al., 2010) which revealed that diverse directors would improve a company's financial performance. Based on previous research and looking at the perspective of the upper echelon theory, this research consistently rises because of the development of research topics. This is evidenced by the existence of research updates and the development of the individual characteristic variables studied. The results of this study provide evidence that the existence of diversity on the board of directors of a company characterized by the varying levels of education of directors, gender diversity of directors, and directors of different nationalities has proven to have a positive impact on organizational results. The board of directors at health and communication sector companies listed on the IDX are already able to carry out their duties properly because they have superior competence in handling business issues so that they will generate good growth for the company in terms of profit.

The Effect of Directors Diversity on Tax Avoidance

The results show that there is a negative and significant effect of the diversity of directors on tax evasion. This is in line with the upper echelon theory which states that various characteristics make directors take wiser actions. Diversity of directors plays an important role in the company on the basis of decision making to prevent tax avoidance strategies. Because basically, the act of tax evasion is something that is very detrimental and if done it will result in sanctions so that in the future the tax burden will be higher. This is one of the considerations for the leadership when making a decision. On the other hand, a good company is also reflected in its sense of responsibility to the surrounding environment. If it is related to the contingency approach, this research supports the structural contingency theory, which explains leadership as a situation, a condition that requires different demands and applications at different places and times. The characteristics of the directors will be influenced by their respective environment and become the main influence to change a condition. According to this contingency approach, linking the director's performance style with contingency factors, namely the situation of a company to prevent tax evasion. This study also supports research (Hoseini et al., 2019; Hoseini & Gerayli, 2018; Jarboui et al., 2020; Richardson et al., 2016). There are still rare studies linking the characteristics of the board of directors to tax avoidance in Indonesia. Many previous studies have been carried out in other countries such as Iran (Hoseini et al., 2019; Hoseini & Gerayli, 2018), England (Jarboui et al., 2020), and also America (Richardson et al., 2016).

The Effect of Sales Growth on Tax Avoidance

The research results show that there is no effect of sales growth on tax avoidance so that H5 is rejected. The level of sales growth does not affect a company to take tax evasion. Companies that experience sales growth rates, affect the increase in company profits. The higher the profit, the higher the tax burden that the company will pay. Conversely, a declining sales growth rate will affect the company in terms of profit anyway, the profit generated will be smaller. These two things will not affect the company to commit tax avoidance, because the company can pay the tax burden that has been determined by the tax authorities. The results of the research are in line with research (Aprianto & Dwimulyani, 2019; Swingly & Sukartha, 2015) found the same result that the level of sales growth has no effect on tax evasion. This rejects the previous theory, namely the stakeholder theory which states that the higher the growth rate, the company tends not to avoid taxes. In fact, when the company shows sales growth that goes up or down, the company will still pay taxes properly because companies are taxpayers who have an obligation to obey and obey the government. In addition, it can also be concluded from the results of this study that the tax growth rate is not an important factor for a company to develop a tax planning strategy through tax avoidance activities.

The Effect of Business Strategy on Tax Avoidance

The results of the research show that the business strategy has no effect on tax avoidance so the research hypothesis is rejected. This means that whatever business strategy the company chooses the company will be able to pay taxes according to the amount. Moreover, if the companies are already large, whose goal is to achieve a competitive advantage, of course, the company will tend to be more careful when carrying out activities in terms of payments in order to maintain the company's image. Especially if we look at it, the taxation aspect is an important indicator and is a highlight for management because it relates to social and government responsibility. This relates to the stakeholder theory, that companies must also provide benefits to outsiders, including the government. Because basically tax evasion will cause the company to be subject to sanctions in the form of fines so that in the end the company will not be able to achieve its true goals. The results of this study are not in line with the typology used by Snow & Miles, which explains that the prospector's strategy is more aggressive in paying taxes. This research is not in line with the statement put forward by Higgins et al (2015), which revealed that companies will try to minimize the tax burden by utilizing the costs of the company's activities to make it bigger. In this study, such statements have no effect because many companies do not have research and development costs, and if we look at the data, the amount of advertising expenses incurred by companies is still within a reasonable nominal value. Companies that choose the type of defender or prospector business strategy will not influence the company to take tax evasion. Companies with prospector and defender types will pay taxes according to a predetermined amount and will also comply with regulations. The results of this study support research (Harianto, 2020; Wardani & Khoiriyah, 2018) which revealed the same result that whatever business strategy the company has chosen, it will not affect the company, especially in terms of paying taxes

The Effect of Director Diversity on Sales Growth with Business Strategy as mediation

The results of the study show that H7 is accepted, so that the business strategy variable (SB) is a mediator variable because it can mediate the effect of diversity of directors (DD) on sales growth rates. Therefore, the research hypothesis is accepted. These results indicate that there is an indirect effect between the diversity of directors on sales growth through business strategy. The Board of Directors will make a managerial policy in accordance with their authority to determine what business strategy will be chosen according to the conditions of the company. With a variety of directors, the strategy formed will be much better. If the business strategy made is appropriate, the company's performance will increase. The company's performance is seen from its growth side, if the sales growth rate increases, it can be said that the characteristics of the directors are a better predictor. The results of this study are in accordance with upper echelon theory and support previous research which found that the board of directors plays an important role in formulating and implementing strategies that will affect company performance (Carvajal et al., 2022).

The Effect of Director Diversity on Tax Avoidance with Business Strategy as mediation

The results showed that H8 was rejected, the results indicate that there is no indirect effect between diversity of directors on tax avoidance through business strategy. The business strategy variable is not a mediator or intervening variable because it cannot mediate the effect of diversity of directors on tax evasion. The results of this study are inconsistent with the research of Dyreng et al (2008) which shows that the executive board has a role in determining the level of tax evasion through operational and corporate strategy. Recent research developments find empirical evidence that tax avoidance has an effect on weak corporate governance conditions (Kuriah & Asyik, 2016). The unproven hypothesis of the diversity of directors on tax avoidance through business strategy is suspected because the role of the board of directors in the company as a decision maker has been carried out properly. Therefore the existence of a board of directors in a company will result in various decisions in terms of choosing a business strategy, but the business strategy chosen will certainly not make the company take action or prevent tax avoidance, because basically the directors will produce the best strategy for the company according to with the company's goals, and whatever strategy has been set, be it a prospector who prioritizes product innovation, or a defender who prefers to maintain quality, this will not influence the company to carry out tax avoidance activities.

The Effect of Business Strategy on Tax Avoidance with Sales Growth as Mediation

The test results show that H9 is rejected, it can be concluded that results indicate that there is no indirect effect between business strategy and tax avoidance through sales growth. the sales growth variable is not a mediating or intervening variable because it cannot mediate the effect of diversity of directors on tax evasion. An appropriate business strategy will certainly improve the company's performance from a financial standpoint, such as an increase in sales growth every year. Even though it has increased in terms of profit, this will not make the company do tax evasion by minimizing the tax burden or other ways. Because the more the company experiences an increase in terms of sales, there will be public scrutiny or other stakeholders such as the Directorate General of Taxes (DJP). This must work as it should, therefore the company continues to pay taxes according to the amount. Research by Oktaviyani & Munandar (2017) and Nurlis et al (2022) found that sales growth cannot strengthen or weaken the effect of business strategy on tax evasion. There is no research that examines the business strategy variable, tax avoidance and sales growth as an intervening variable. Therefore, this test is an update on the results of this study.

CONCLUSION

Over the last five years, a number of papers have analyzed about firm characteristics, such as the board of directors, business strategy and firm performance. Based on the previous result, it can be concluded that the directors diversity influences the selection of the type of company business strategy, the type of business strategy affects sales growth, the directors diversity influences the level of sales growth, the directors diversity influences tax avoidance, and the business strategy mediates the effect of directors diversity on sales growth. Furthermore, sales growth has no effect on tax avoidance, business strategy has no effect tax evasion, business strategy also cannot mediate the effect of the directors diversity on tax avoidance so that the business strategy variable is not a mediator or intervening variable, the sales growth also cannot mediate the effect of business strategy on tax avoidance.

This research contributes to this literature with a case study on healthcare sector and telecommunication sector in Indonesia. Our research also development of science in explaining the role of the board of directors. This study found weaknesses, first in terms of the results of testing the hypothesis that did not match the expectations of the researchers. These findings are expected to be a consideration for further research on the selection of variables to be used as research in order to obtain much better results. In addition, further research is recommended to conduct research from different sectors. The data used to examine tax evasion still uses secondary data, which is based on financial reports. It would be nice for further research to be carried out by researchers by going directly to the company or using other methods such as questionnaires or experiments to go directly to managers to see an overview of business strategies for tax avoidance.

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