

The 33<sup>rd</sup> Annual Conference on  
Pacific Basin Finance, Economics,  
Accounting and Management  
第三十三屆亞太財務經濟會計與管理研討會

June 13-14, 2025  
Chung Yuan Christian University, Taiwan  
中原大學

Conference Theme:  
會議主題：創新金融，邁向永續未來

會場：[中原大學自強商學大樓](#)

# **The 33<sup>rd</sup> Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management**

## **Conference Organizers:**

Rutgers Business School, Rutgers University, USA 美國羅格斯大學  
Chung Yuan Christian University, Taiwan 中原大學  
Foundation of Pacific Basin Financial Research and Development, Taiwan  
財團法人亞太金融研究發展基金會

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Cheng-Few Lee, Rutgers University, USA  
Cheng-Wen Lee, Chung Yuan Christian University, Taiwan

## **Advisor:**

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Zhaodong Zhong, Rutgers University, USA

## History of the Conference:

	Year	Venue/Country	Host Organizer
1	1993	U.S.A. 美國	Rutgers University, New Jersey
2	1994	Hong Kong 香港	Hong Kong Chinese University, Hong Kong
3	1995	Taiwan 臺灣	Taiwan Institute of Economic Research, Taipei
4	1996	U.S.A. 美國	Rutgers University, New Jersey
5	1997	Singapore 新加坡	Nanyang Technological University, Singapore
6	1998	Hong Kong 香港	Hong Kong Polytechnic University, Hong Kong
7	1999	Taiwan 臺灣	National Taiwan University, Taipei
8	2000	Thailand 泰國	Chulalongkorn University, Bangkok
9	2001	U.S.A. 美國	Rutgers University, New Jersey
10	2002	Singapore 新加坡	Nanyang Technological University, Singapore
11	2003	Taiwan 臺灣	National Chiao Tung University, Hsinchu
12	2004	Thailand 泰國	The Consortium of Thai Universities, Bangkok
13	2005	U.S.A. 美國	Rutgers University, New Jersey
14	2006	Taiwan 臺灣	Foundation of Pacific Basin Financial Research and Development
15	2007	Vietnam 越南	Ho Chi Minh City University of Technology, Ho Chi Minh City, Vietnam
16	2008	Australia 澳洲	Queensland University of Technology, Brisbane, Queensland, Australia
17	2009	Thailand 泰國	University of the Thai Chamber of Commerce, Bangkok, Thailand
18	2010	China 中國	Graduate University of Chinese Academy of Sciences Beijing, China
19	2011	Taiwan 臺灣	Foundation of Pacific Basin Financial Research and Development
20	2012	U.S.A. 美國	Rutgers University, New Jersey
21	2013	Australia 澳洲	Deakin University, Melbourne, Australia
22	2014	Japan 日本	Aichi University, Nagoya, Japan
23	2015	Vietnam 越南	Saigon Technology University, Hochiminh City, Vietnam
24	2016	Taiwan 臺灣	National Chiao Tung University, Hsinchu
25	2017	Singapore 新加坡	National University of Singapore
26	2018	U.S.A. 美國	Rutgers University, New Jersey
27	2019	Taiwan 臺灣	National Taiwan University, Taipei
28	2020	Taiwan 臺灣	National Chiao Tung University, Hsinchu
29	2021	U.S.A. 美國	Rutgers University, New Jersey
30	2022	Taiwan 臺灣	<i>National Chung Cheng University</i>
31	2023	Taiwan 臺灣	National Yang Ming Chiao Tung University, Hsinchu
32	2024	U.S.A. 美國	Rutgers University, New Jersey
33	2025	Taiwan 臺灣	Chung Yuan Christian University, Taoyuan

**Conference Agenda: Day 1**

Friday, June 13, 2025			
8:30 a.m. – 9:00 a.m.	Registration		商學大樓
9:00 a.m. – 9:05 a.m.	Opening Remarks 致開幕詞 Professor Cheng Few Lee, Rutgers University, USA 美國羅格斯大學 李正福教授 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		商學金榮 講堂
9:05 a.m. – 9:15 a.m.	Music Performance 音樂饗宴		
9:15 a.m. – 9:25 a.m.	Welcoming Remarks 致歡迎詞 President In-Ming Lee, Chung Yuan Christian University, Taiwan 中原大學 李英明校長 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		
9:25 a.m. – 9:30 a.m.	Group Photo 大合照		
9:30 a.m. – 10:15 a.m.	First Keynote Speech 專題演講 1 Professor Chunchi Wu, University at Buffalo, USA 美國紐約州立大學水牛城分校 吳俊吉教授 ➤ Title: Asset Pricing and Corporate Finance Research Using Machine Learning Chairperson: Dean Cheng-Wen Lee, Chung Yuan Christian University, Taiwan 中原大學商學院 李正文院長 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		
10:15 a.m.– 10:30 a.m.	Tea Break 茶敘		CB206
10:30 a.m.– 12:00 p.m.	BREAKOUT SESSION I 分組論壇 1		
	Session 1	Investment Analysis and Corporate Finance <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 2	Investment Analysis (A) <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205

	Session 3	Corporate Finance (A) <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209
	Session 4	Financial Accounting and Auditing (A) <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 5	Investment Analysis and Cryptocurrency Markets <a href="https://nycu.webex.com/meet/ritaliu21">https://nycu.webex.com/meet/ritaliu21</a>	CB301
12:00 p.m.	<b>Lunch</b> 午餐		CB206
1:00 p.m. – 2:30 p.m.	BREAKOUT SESSION II 分組論壇 2		
	Session 6	Empirical Corporate Finance <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 7	Corporate Finance and ESG <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205
	Session 8	Financial Accounting and Auditing (B) <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209
	Session 9	Corporate Finance and Accounting <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 10	ESG and Economic Policy <a href="https://nycu.webex.com/meet/ritaliu21">https://nycu.webex.com/meet/ritaliu21</a>	CB301
2:30 p.m. – 2:45 p.m.	<b>Tea Break</b> 茶敘		CB206
2:45 p.m. – 4:15 p.m.	BREAKOUT SESSION III 分組論壇 3		
	Session 11	ESG <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 12	Corporate Finance (B) <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 13	Corporate Finance and Banking <a href="https://nycu.webex.com/meet/ritaliu21">https://nycu.webex.com/meet/ritaliu21</a>	CB301
	Session 14	Financial Accounting <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205

	Session 15	Risk Management and Machine Learning <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209
4:30 p.m. – 5:15 p.m.	<b>Second Keynote Speech 專題演講 2</b> <b>Professor Ji-Chai Lin, National Central University, Taiwan</b> 國立中央大學 林基財教授 ➤ Title: <b>Stock Price, R&amp;D, and Strategic Focus</b> Chairperson: Chair Yu- Lun Chen, Chung Yuan Christian University, Taiwan 中原大學財務金融學系 陳佑倫主任 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		商學金榮 講堂
6:00 p.m.	<b>Conference Dinner (晚宴)</b>		

### *Conference Agenda: Day 2*

Saturday, June 14, 2025			
9:00 a.m. – 10:30 a.m.	BREAKOUT SESSION IV 分組論壇 4		
	Session 16	CEO Compensation, Return Predictability, and P2P Lending <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 17	Investment Analysis (B) <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205
	Session 18	Investment Analysis and AI Computation <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 19	Corporate Governance Issues <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209

	Session 20	Bank Management <a href="https://nycu.webex.com/meet/ritaliu21">https://nycu.webex.com/meet/ritaliu21</a>	CB301
10:30 p.m. –10:45 a.m.	<b>Tea Break 茶敘</b>		CB206
10:45 a.m.– 12:15 p.m.	BREAKOUT SESSION IV 分組論壇 5		
	Session 21	Financial Statistics <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 22	Investment Analysis and Empirical Finance <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 23	Corporate Innovation <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205
	Session 24	Institutional ownership, Pension risk, and Option-based forecasting <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209
	Session 25	Corporate Finance	CB301
12:15 p.m.	<b>Lunch 午餐</b>		CB206
1:15 p.m.- 2:00 p.m.	<b>Third Keynote Speech 專題演講 3</b> <b>Professor Terry Marsh, University of California, Berkeley, USA</b> 美國加州大學柏克萊分校 ➤ Title: <b>After Hours Returns and After Hours Information</b> Chairperson: Professor Hai-Chin Yu, Chung Yuan Christian University, Taiwan 中原大學 俞海琴教授 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		商學金榮 講堂



## **First Keynote Speaker: Professor Chunchi Wu**



University at Buffalo, USA

Professor Chunchi Wu is a highly esteemed scholar in banking and finance, holding the M&T Chair of Banking and Finance at the University at Buffalo's School of Management. With a distinguished academic career spanning several decades, Professor Wu has made significant contributions to financial research, particularly in the areas of fixed-income securities, asset pricing, and credit risk.

Professor Wu earned his Ph.D. from the University of Illinois at Urbana-Champaign and has held prestigious academic positions, including the Jeffrey E. Smith Missouri Professor of Finance at the University of Missouri-Columbia, Head of Finance Division at Singapore Management University and a professorship at Syracuse University. His research has been widely published in leading journals such as the *Journal of Finance*, *Journal of Financial Economics*, and *Journal of Financial and Quantitative Finance*, *Accounting Review* and *Review of Economics and Statistics*. His work focuses on critical financial issues such as asset pricing, market efficiency, and risk management, influencing both academia and the financial industry.

Beyond research, Professor Wu is a dedicated educator, mentoring numerous Ph.D. students and teaching courses in financial innovation, investment management, and asset pricing. He has also served as an editor and reviewer for multiple academic journals and has been actively involved in international finance conferences.

Through his extensive research, teaching, and industry engagement, Professor Chunchi Wu continues to shape the future of financial economics, making impactful contributions to both theory and practice.

## Second Keynote Speaker: Professor Ji-Chai Lin



National Central University, Taiwan

Professor Lin has served as the Chair Professor of Finance at Hong Kong Polytechnic University (PolyU), a position he has held since January 2015. In addition, he was the Christina Lee Professor in Accounting and Finance at PolyU from 2017 to 2022. Before joining PolyU, Professor Lin was the Lloyd F. Collette Endowed Chair of Financial Services and a Professor of Finance at Louisiana State University (LSU). His extensive academic career also includes appointments as the C.C. Cameron Endowed Distinguished Professor in Finance and various other roles at LSU, where he made significant contributions to both research and teaching.

Professor Lin earned his Ph.D. in Finance from the University of Iowa, a foundation that paved the way for a career marked by numerous accolades and significant contributions to the field of finance. His research is widely recognized and published in some of the most prestigious academic journals, including the *Journal of Finance*, *Journal of Financial Economics*, *Review of Financial Studies*, *Journal of Financial and Quantitative Analysis*, and *Journal of Corporate Finance*. His work has addressed critical issues in corporate finance, such as insider trading, dividend policy, market efficiency, and the effects of corporate governance on analyst behavior. One of the hallmarks of Professor Lin's research is his focus on the practical implications of financial theories, particularly in understanding the behavior of investors and markets. His studies on market microstructure have provided valuable insights into the dynamics of trading, liquidity, and information dissemination in financial markets. His work on IPOs, stock splits, and trading patterns of large versus small investors has been particularly influential in both academic and practitioner circles.

In addition to his prolific research, Professor Lin has made substantial contributions to the academic community through his role as an educator and mentor. He has supervised numerous Ph.D. students, guiding them through complex research projects that have led to successful academic and professional careers. His teaching excellence has been recognized with multiple awards, and his courses on corporate finance, investments, and empirical finance are highly regarded by students and peers alike. Beyond academia, Professor Lin has been an active participant in the global finance community, regularly presenting his research at international conferences and seminars. His ability to bridge the gap between theory and practice makes his presentations both insightful and impactful.

## Third Keynote Speaker: Professor Terry Marsh



University of California, Berkeley, USA

Professor Marsh completed his Ph.D. and MBA at the University of Chicago, where he laid the foundation for an illustrious career. He is currently the Co-founder and CEO of Quantal International Inc. and Quantal Asset Management, companies renowned for their innovative approaches in quantitative finance and risk management. In addition to his industry roles, he has served as an Emeritus Professor of Finance at the University of California, Berkeley, where he previously held a full professorship and chaired the Finance Department.

Throughout his career, Professor Marsh has been at the forefront of financial research, particularly in the areas of asset pricing, risk management, and the dynamics of financial crises. His scholarly work has been widely published in top-tier journals, including the *Journal of Financial Economics*, *Journal of Portfolio Management*, and *Financial Analysts Journal*. His research has explored crucial topics such as the impact of political uncertainty on equity premiums, the role of cryptocurrency and blockchain technology in modern finance, and the behavior of asset markets during periods of financial instability.

Professor Marsh's expertise extends beyond academia; he has been an influential voice in policy-making and financial regulation. Notably, he served as a member of the Presidential Commission on Market Mechanisms, commonly known as the "Brady Commission," which was established in response to the 1987 stock market crash. His insights were instrumental in shaping the Commission's recommendations on market stability and regulatory reforms.

## **Session 1: Investment Analysis and Corporate Finance**

Friday, June 13<sup>th</sup>, 2025      10:30 AM ~ 12:00 PM (Time Zone: Taipei)  
Room Number: CB201      <https://nycu.webex.com/meet/cyshen>

**Chairperson: Linda H. Chen, University of Idaho, USA**

### **1. Dissecting the Value Premium**

\*Linda H. Chen, University of Idaho, USA.

Wei Huang, University of Minnesota Duluth, USA.

George J. Jiang, Washington State University, USA

Presenter: Linda H. Chen

Discussant: Ruixin Yang (On-line)

### **2. *The Persistent Response from Option Liquidity to GameStop Short Squeeze***

\*Ruixin Yang, Rutgers University, USA.

Zhaodong (Ken) Zhong, Rutgers University, USA.

Presenter: Ruixin Yang (On-line)

Discussant: Harold H. Zhang

### **3. *Operating Leverage and Risk Premium***

Leonid Kogan, Massachusetts Institute of Technology, USA.

Jun Li, University of Texas at Dallas, USA.

\*Harold H. Zhang, University of Texas at Dallas, USA.

Yifan Zhu, BI Norwegian Business School, Norway.

Presenter: Harold H. Zhang

Discussant: Linda H. Chen

## **Session 2: Investment Analysis (A)**

Friday, June 13<sup>th</sup>, 2025

10:30 AM ~ 12:00 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Paul W. Chiou, Northeastern University, USA**

### **1. *Latent Variable Estimation in Bayesian Black-Litterman Models***

Thomas Yuan-Lung Lin, National Taiwan University, Taiwan & Gamma Paradigm Group, USA.

Jerry Yao-Chieh Hu, Northwestern University, USA.

\*Paul W. Chiou, Northeastern University, USA.

Peter Lin, Gamma Paradigm Group, USA & Johns Hopkins University, USA.

Presenter: Paul W. Chiou

Discussant: Ketian Guan (On-line)

### **2. *Do Exogenous Uninformed Order Flows Move Stock Prices?***

\*Ketian Guan, Brandeis University, USA.

Sida Li, Brandeis University, USA.

Presenter: Ketian Guan (On-line)

Discussant: Paul W. Chiou

### **Session 3: Corporate Finance (A)**

Friday, June 13<sup>th</sup>, 2025

10:30 AM ~ 12:00 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Ming-Che Hu, Yuan Ze University, Taiwan**

**1. *Community Religiosity and Board Monitoring: Evidence from the Structure of Board Committees***

Yuning Chen and Jiamian Xu, University College London, UK.

Yunfei Zhao, Wenzhou-Kean University, China.

\*Yixun Zhou, Kean University, USA.

Presenter: Yixun Zhou (On-line)

Discussant: Chi Zhang (On-line)

**2. *Does Disruption Matter for Capital Financing Decision?***

\*Chi Zhang and Xu Zhang, University of Macau, Macau.

Presenter: Chi Zhang (On-line)

Discussant: Yixun Zhou (On-line)

## **Session 4: Financial Accounting and Auditing (A)**

Friday, June 13<sup>th</sup>, 2025      10:30 AM ~ 12:00 PM (Time Zone: Taipei)  
Room Number: CB202      <https://nycu.webex.com/meet/cameldai>

**Chairperson: Sophia Liu, National Taiwan University, Taiwan**

### **1. *Internal Information Quality and Acquisition Performance: Evidence from SFAS 142***

Audrey Hsu, Ting-Hsuan Lin, and \*Sophia Liu, National Taiwan University, Taiwan.

Presenter: Sophia Liu

Discussant: Sin-Ru Chen

### **2. *The Effect of Mandatory English Financial Reporting on Stock Price Informativeness: Evidence from A Quasi-Natural Experiment in Taiwan***

Ming-Yu Liu, Tunghai University, Taiwan.

\*Sin-Ru Chen, and Hsin-Yi Huang, National Cheng Kung University, Taiwan.

Presenter: Sin-Ru Chen

Discussant: Fang-Chi Lin

### **4. *Do auditors value Corporate Social Responsibility award-winning clients? Evidence from audit fees***

Chieh-Shuo Chen, National Changhua University of Education, Taiwan.

\*Fang-Chi Lin, National PingTung University, Taiwan.

Jia-Chi Cheng, Yuan Ze University, Taiwan.

Yu-Hsuan Wu, QUANTA COMPUTER INC., Taiwan.

Presenter: Fang-Chi Lin

Discussant: Sophia Liu

## **Session 5: Investment Analysis and Cryptocurrency Markets**

Friday, June 13<sup>th</sup>, 2025      10:30 AM ~ 12:00 PM (Time Zone: Taipei)  
Room Number: CB301      <https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Zhaodong Zhong, Rutgers University, USA (On-line)**

### **1. *The Misalignment between $R^2$ and Sharpe Ratio: A Perspective from the Heterogeneity in Stocks†***

\*Xinjie Wang, Southern University of Science and Technology  
Suyang Zhao, Southern University of Science and Technology

Presenter: Xinjie Wang (On-line)  
Discussant: Ge Wu

### **2. *Where Is the Intersection of Madison Avenue and Wall Street? Advertisement, Local Access to Investment Advice, And Stock Market Participation***

Joseph Farizo, University of Richmond, USA  
William Gerken, University of Kentucky, USA  
\*Ge Wu, University of Richmond, USA

Presenter: Ge Wu  
Discussant: Suwan (Cheng) Long

### **3. *From Whales to Waves: The Role of Social Media Sentiment in Shaping Cryptocurrency Markets***

\*Suwan (Cheng) Long, IESEG School of Management, France  
Ying Xie, Cranfield University, UK  
Zhengyuan Zhou, New York University, USA  
Brian Lucey, Trinity College Dublin, Ireland  
Andrew Urquhart, University of Reading, UK

Presenter: Suwan (Cheng) Long  
Discussant: Xinjie Wang (On-line)



## **Session 6: Empirical Corporate Finance**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB201

<https://nycu.webex.com/meet/cyshen>

**Chairperson: Sheng-Syan Chen, National Taiwan University, Taiwan**

### **1. *Does Non-regular Employment Affect Acquisitions?***

Sheng-Syan Chen, National Taiwan University, Taiwan

\*Chen-Chieh Liao, National Taipei University, Taiwan

Chih-Yen Lin, Fu Jen Catholic University, Taiwan

Presenter: Chen-Chieh Liao

Discussant: Ming-Che Hu

### **2. *Target's Cash Flows and Acquirer's Advisor Choice in M&As***

\*Hang Thi Dieu Nguyen, Yuan Ze University, Taiwan

Hsiangping Tsai, National Taipei University of Business, Taiwan

I-Ju Chen, Yuan Ze University, Taiwan

Presenter: Hang Thi Dieu Nguyen

Discussant: Chen-Chieh Liao

### **3. *Lottery Anomaly Across Corporate Life Cycle: The Role of R&D Expenditures***

\*Ming-Che Hu, Yuan Ze University, Taiwan

Guan-Yu Shih, Chung Yuan Christian University, Taiwan

Presenter: Ming-Che Hu

Discussant: Hang Thi Dieu Nguyen

## **Session 7: Corporate Finance and ESG**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Yu-Fen Chen, Da-Yeh University, Taiwan**

### **1. *Beyond Critical Mass: How Board Gender Diversity Influences ESG Performance Across Institutional and Cultural Contexts?***

\*Febrine Pentadini, Da-Yeh University, Taiwan

Yu-Fen Chen, Da-Yeh University, Taiwan

Fu-Lai Lin, Da-Yeh University, Taiwan

Presenter: Febrine Pentadini

Discussant: Wilson Tsz Shing Wan (On-line)

### **2. *Beyond Reported Emissions: Carbon Pricing, Disclosure Quality, and Financial Stability in the European Union Emission Trading Scheme***

Keith Jin Deng Chan, the Hong Kong University of Science and Technology, Hong Kong.

\*Wilson Tsz Shing Wan, the Hong Kong University of Science and Technology, Hong Kong.

Presenter: Wilson Tsz Shing Wan (On-line)

Discussant: Yu-Fen Chen

## **Session 8: Financial Accounting and Auditing (B)**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Hao-Chang Sung, National Chung Cheng University, Taiwan**

### **1. *Alternative Methods in Measuring Real Earnings Management: Review, Comparison, and Critique***

Cheng-Few Lee, Rutgers University, USA.

\*Hao-Chang Sung, National Chung Cheng University, Taiwan.

Presenter: Hao-Chang Sung

Discussant: Wen-Chi Yeh

### **2. *Using Machine Learning Models to Forecast Future Earnings, Price, and Dividend***

\*Wen-Chi Yeh, Menlo College, USA.

Bharat Sarath, Rutgers University, USA.

Cheng-Few Lee, Rutgers University, USA.

Presenter: Wen-Chi Yeh

Discussant: Renzhe Zhang (On-line)

### **3. *Will Auditors Be Changed Before Insider Selling? Evidence from China***

Feng Liu, Xiamen University, China.

Ming Liu, University of Macau, Macau.

Ruichuan Shi, University of Macau, Macau.

\*Renzhe Zhang, University of Macau, Macau

Presenter: Renzhe Zhang (On-line)

Discussant: Hao-Chang Sung

## **Session 9: Corporate Finance and Accounting**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB202

<https://nycu.webex.com/meet/cameldai>

**Chairperson: Shih-Ti Yu, National Tsing Hua University, Taiwan**

### **1. *Feature Importance of Forward Information in Finance***

\*Chuan-Hsian Han, National Tsing Hua University, Taiwan

Presenter: Chuan-Hsian Han

Discussant: Pang-Yu Wang

### **2. *Say More or Less? On Mandatory Nonfinancial Disclosures and Voluntary Financial Disclosures***

Mao-Wei Hung, National Taiwan University, Taiwan

\*Pang-Yu Wang, National Taiwan University, Taiwan

Ju-Fang Yen, National Taipei University

Presenter: Pang-Yu Wang

Discussant: Shih-Ti Yu

### **3. *Corporate risk-taking and dividend policy***

\*Tianmin Li, National Tsing Hua University, Taiwan

Min-Teh Yu, National Tsing Hua University, Taiwan

Shih-Ti Yu, National Tsing Hua University, Taiwan

Presenter: Tianmin Li

Discussant: Chuan-Hsian Han

## **Session 10: ESG and Economic Policy**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB301

<https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Chih-Liang Liu, National Yunlin University of Science and Technology, Taiwan**

### **1. *ESG and External Financing Needs***

\*Fina Khurul Aini, National Yunlin University of Science and Technology, Taiwan.

Chih-Liang Liu, National Yunlin University of Science and Technology, Taiwan.

Presenter: Fina Khurul Aini

Discussant: Joni Joni

### **2. *Political regimes and the cost of debt: Evidence from Indonesia***

\*Joni Joni, Maranatha Christian University, Indonesia.

Boedi Hartadi Kuslina, Maranatha Christian University, Indonesia.

Presenter: Joni Joni

Discussant: Fina Khurul Aini

## **Session 11: ESG**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB201

<https://nycu.webex.com/meet/cyshen>

**Chairperson: Yi-Hua Li, Chung Yuan Christian University, Taiwan**

### **1. *Transitional Climate Risk and the Correlation Between Brown and Green Energy ETFs***

Hung-Chun Liu, Chung Yuan Christian University, Taiwan.

\*Cheng-Yu Hsieh, Chung Yuan Christian University, Taiwan.

Presenter: Cheng-Yu Hsieh

Discussant: Magdalena Osinska

### **2. *Impact of Green Finance, and Climate Risk on Carbon emissions and rebewable Energy***

Alamgir Muhmmad, Nicolas Copernicus University in Torun, Poland.

\*Magdalena Osinska, Nicolas Copernicus University in Torun, Poland.

Presenter: Magdalena Osinska

Discussant: Virginie Nahas (On-line)

### **3. *A comparative analysis of ESG and non-ESG securities: a market model perspective***

Phillip A. Cartwright, Ascencia Business School, France & Gisma University of Applied Sciences, Germany.

\*Virginie Nahas, Ascencia Business School, France.

Natalija Riabko, Ascencia Business School, France.

Presenter: Virginie Nahas (On-line)

Discussant: Cheng-Yu Hsieh

## **Session 12: Corporate Finance (B)**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB202

<https://nycu.webex.com/meet/cameldai>

**Chairperson: Tsung-ming Yeh, Kyushu University, Japan**

### **1. *Financial literacy and financial resilience: Evidence from Japan***

\*Tsung-ming Yeh, Kyushu University, Japan

Presenter: Tsung-ming Yeh

Discussant: Muhammad Tharmizi Junaid

### **2. *Exploring the Impact of Ownership Structure, Corporate Governance, Capital Structure, and Profitability on Dividend Policy: A Comprehensive Analysis***

Cheng-Wen Lee, Chung Yuan Christian University, Taiwan.

\*Muhammad Tharmizi Junaid, Chung Yuan Christian University, Taiwan.

Presenter: Muhammad Tharmizi Junaid

Discussant: Tsung-ming Yeh

## **Session 13: Corporate Finance and Banking**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB301

<https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Chih-yung Lin, National Yang Ming Chiao Tung University, Taiwan**

### **1. *Post-COVID-19's Bank Loans***

\*Dien Giau Bui, Yuan Ze University, Taiwan

Chih-Yung Lin, National Yang Ming Chiao Tung University, Taiwan

Ngoc Thuy Mai, Faculty of Business, FPT University, Cantho, Vietnam

Presenter: Dien Giau Bui

Discussant: Yin-Siang Huang

### **2. *Whistleblowing Threats and Corporate Board Structures***

Chia-Wei Huang, National Chengchi University, Taiwan

Chih-Yung Lin, National Yang Ming Chiao Tung University, Taiwan

\*Le Quoc Tuan, Yuan Ze University, Taiwan

Presenter: Le Quoc Tuan

Discussant: Dien Giau Bui

### **3. *The Effect of Dividend Policy on Stock Price: New Evidence from the Box-Cox Models***

Yin-Siang Huang, Chung Yuan Christian University, Taiwan

Hao-Wen Chang, National Yang Ming Chiao Tung University, Taiwan

\*Chih-Yung Lin, National Yang Ming Chiao Tung University, Taiwan

Cheng-Few Lee, Rutgers University, USA

Presenter: Chih-Yung Lin

Discussant: Le Quoc Tuan



## **Session 14: Financial Accounting**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Hao-Chang Sung, National Chung Cheng University, Taiwan**

### **1. *Yielding to Relevance: How Accounting Relevance is Impacted by Yields***

\*Min Cao, University of Northern Colorado, USA.

Philipp D. Schaberl, University of Northern Colorado, USA.

Presenter: Min Cao (On-line)

Discussant: Jerome MAATI (On-line)

### **2. *Earnings Management Dynamics Following CEO Turnover in French Public Companies***

\*Jerome MAATI, Université Polytechnique Hauts-de-France, France.

Christine MAATI-SAUVEZ, Université Polytechnique Hauts-de-France, France.

Presenter: Jerome MAATI (On-line)

Discussant: Boedi Hartadi Kuslina

### **3. *The Interplay between Political Connections, ESG, and Tax Avoidance: Insights from Indonesia***

\*Boedi Hartadi Kuslina, and Joni Joni, Maranatha Christian University, Indonesia.

Presenter: Boedi Hartadi Kuslina

Discussant: Min Cao (On-line)

## **Session 15: Risk Management and Machine Learning**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Nicholas S.P. Tay, University of San Francisco, USA**

### **1. *Can Options Offer Better Risk-Reward Tradeoff Than Stocks?***

\*Nicholas S.P. Tay, University of San Francisco, USA.

Presenter: Nicholas S.P. Tay

Discussant: Hussain Sabbor

### **2. *The Impact of Macroeconomic Indicators on Utility ETF: A Grey Relational Analysis-Machine Learning Approach***

\*Hussain Sabbor, Chung Yuan Christian University, Taiwan.

Jo-Hui Chen, Chung Yuan Christian University, Taiwan.

Presenter: Hussain Sabbor

Discussant: Pasquale Palma (On-line)

### **3. *Forecasting of default risk: machine learning application on SMEs financial data***

Michele Modina, University of Molise, Italy.

\*Pasquale Palma, University of Molise, Italy.

Giuliano Resce, University of Molise, Italy.

Presenter: Pasquale Palma (On-line)

Discussant: Nicholas S.P. Tay

## **Session 16: CEO Compensation, Return Predictability, and P2P Lending**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB201

<https://nycu.webex.com/meet/cyshen>

**Chairperson: Tao-Hsien Dolly King, University of North Carolina at Charlotte, USA**

### **1. *Biodiversity Risks and CEO Compensation***

Chih-Wei Wang, National Central University, Taiwan

Han-Hsing Lee, National Yang Ming Chiao Tung University, Taiwan

\*Weizheng Lin, National Yang Ming Chiao Tung University, Taiwan

Huei-Zhen Tsai, National Central University, Taiwan

Presenter: Weizheng Lin

Discussant: Tao-Hsien Dolly King

### **2. *Option-Implied Probability Distortions and Stock Return Predictability***

\*Ting-Xuan Wang, National Chengchi University, Taiwan

Wei-Yu Kuo, National Chengchi University, Taiwan

Zong-Wei Yeh, National Chengchi University, Taiwan

Shih-Kuei Lin, National Chengchi University, Taiwan

Presenter: Ting-Xuan Wang

Discussant: Dong-Jie Fang

### **3. *Language of Altruism: Funding Success and Default Risk in P2P Lending***

\*Dong-Jie Fang, National Chengchi University, Taiwan

Zong-Wei Yeh, National Chengchi University, Taiwan

Chien-Hsiu Lin, National Chengchi University, Taiwan

Shih-Kuei Lin, National Chengchi University, Taiwan

Presenter: Dong-Jie Fang

Discussant: Ting-Xuan Wang

## **Session 17: Investment Analysis (B)**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Hsiao-Yin Chen, Chung Yuan Christian University, Taiwan**

### ***1. Long-term Impact of the COVID-19 Pandemic on the Dow Jones Industrial Average in the United States***

Deng-Yuan Ji, Chung Yuna Christian University, Taiwan.

\*Hsiao-Yin Chen, Chung Yuna Christian University, Taiwan.

Cheng-Few Lee, Rutgers University, USA.

Presenter: Hsiao-Yin Chen

Discussant: Hongrui Feng (On-line)

### ***2. Stock market liberalization and corporate risk-taking: International evidence***

Joseph Sowahfio Sowah, Jimei University, China.

Nelson Kumah Tsyawo, Xiamen University, China.

\*Hongrui Feng, Pepperdine University, USA.

Presenter: Hongrui Feng (On-line)

Discussant: Keshab Shrestha

### ***3. Evaluation of Information Leadership Share as Price Discovery Measure***

\*Keshab Shrestha, Sunway University, Malaysia.

Lianne M.Q. Lee, Sunway University, Malaysia.

Presenter: Keshab Shrestha

Discussant: Hsiao-Yin Chen

## **Session 18: Investment Analysis and AI Computation**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB202

<https://nycu.webex.com/meet/cameldai>

**Chairperson: Shianghau Wu, Chung Yuan Christian University, Taiwan**

**1. *Optimizing Investment Portfolios with the Riemann Zeta Function: A Comparative Analysis of Performance and Value at Risk***

\*Shianghau Wu, Chung Yuan Christian University, Taiwan.

Presenter: Shianghau Wu

Discussant: Yin-Siang Huang, Chung Yuan Christian University, Taiwan

**2. *“Buy-one-get-one-free” versus “share-with-a-friend” deals: A construal-level approach to promotion framing***

\*Chiu-chi Angela Chang, Northeastern University, USA.

Presenter: Chiu-chi Angela Chang

Discussant: Ming-Yung Chen

**3. *Application of AI-empowered Intrusion Prevention Systems in Cybersecurity for Multinational Enterprises***

Cheng-Wen Lee, Chung Yuan Christian University, Taiwan.

\*Ming-Yung Chen, Chung Yuan Christian University, Taiwan.

Presenter: Ming-Yung Chen

Discussant: Shianghau Wu

## **Session 19: Corporate Governance Issues**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Hai-Chin Yu, Chung Yuan Christian University, Taiwan**

### ***1. Geopolitical Hostility, Trade Policy Uncertainty, and Stock Price Crash Risk: Evidence from Chinese Multinational Corporations***

\*Yankuo Qiao, Hood College, USA.

Fengyuan Xi, Fudan University, China.

Presenter: Yankuo Qiao (On-line)

Discussant: Alice Hsieh (On-line)

### ***2. Who Leads the Green Transition? The Diverging Roles of Institutional Investors***

Alice Hsieh, Accenture, New York, USA.

\*Thi-Thanh Phan, National Cheng-chi University, Taiwan.

Hai-Chin Yu, Chung Yuan Christian University, Taiwan.

Presenter: Thi-Thanh Phan (On-line)

Discussant: Yankuo Qiao (On-line)

### ***3. Brand Equity and Corporate Social Performance Metrics***

\*Alice Hsieh, Accenture, New York, USA.

Hai-Chin Yu, Chung Yuan Christian University, Taiwan.

Presenter: Alice Hsieh (On-line)

Discussant: Thi-Thanh Phan (On-line)

## **Session 20: Bank Management**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB301

<https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Wenling Lu, Western Michigan University, USA**

### **1. *To Disclose or Not: Employment Information Disclosure in Peer-to-Peer Lending***

Zagdbazar Davaadorj, Western Michigan University, USA.

Bolortuya Enkhtaivan, Western Michigan University, USA.

\*Wenling Lu, Western Michigan University, USA.

Presenter: Wenling Lu

Discussant: Ngo Hong Vui

### **2. *Factors Impacting the Shift from Gold to Digital Assets: An Empirical Analysis in Viet Nam***

Cheng Wen Lee, Chung Yuan Christian University, Taiwan.

\*Ngo Hong Vui, Chung Yuan Christian University, Taiwan.

Presenter: Ngo Hong Vui

Discussant: Dodi Apriadi

### **3. *Consumer Behavior of Students in the Digital Era: Mobile Banking, Social Media, and the Moderating Effect of Financial Literacy***

Cheng Wen Lee, Chung Yuan Christian University, Taiwan.

\*Dodi Apriadi, Chung Yuan Christian University, Taiwan.

Presenter: Dodi Apriadi

Discussant: Wenling Lu

## **Session 21: Financial Statistics**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB201

<https://nycu.webex.com/meet/cyshen>

**Chairperson: CY (Chor-yiu) Sin, National Tsing Hua University, Taiwan**

**1. *Approximate maximum likelihood estimation for threshold jump processes***

\*Henghsiu Tsai, Academia Sinica, Taiwan.

Presenter: Henghsiu Tsai

Discussant: CY (Chor-yiu) Sin

**2. Heterogeneous autoregressive model based on correlated intraday return dynamics**

\*Hui-Ching Chuang, National Taipei University, Taiwan.

Presenter: Hui-Ching Chuang

Discussant: Henghsiu Tsai

**3. The comparison of methods for extracting risk-neutral bankruptcy chance**

\*Chi-Feng Tzeng, National Tsing Hua University, Taiwan.

Presenter: Chi-Feng Tzeng

Discussant: Hui-Ching Chuang

**4. Rebalancing hedge position with statistics of hedge ratios: concepts and applications**

\*CY (Chor-yiu) Sin, National Tsing Hua University, Taiwan.

Presenter: CY (Chor-yiu) Sin

Discussant: Chi-Feng Tzeng



## **Session 22: Investment Analysis and Empirical Finance**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB202

<https://nycu.webex.com/meet/cameldai>

**Chairperson: Yao-Tsung Chen, National Yang Ming Chiao Tung University, Taiwan**

### ***1. Multi-objective Portfolio Optimization with Expected Shortfall under Fractal Brownian Motions***

\*Yao-Tsung Chen, National Yang Ming Chiao Tung University, Taiwan.

Tzu-Yi Yang, National Yang Ming Chiao Tung University, Taiwan.

Presenter: Yao-Tsung Chen

Discussant: Yu Gao

### ***2. Trading Information Transparency and Credit Rating Efficiency: Evidence from the Bond Market***

\*Yu Gao, University of St Thomas, USA.

Zhaoyang Gu, the Chinese University of Hong Kong, Hong Kong.

Presenter: Yu Gao

Discussant: Yao-Tsung Chen

## **Session 23: Corporate Innovation**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Chia-Chen Teng, Chung Yuan Christian University, Taiwan**

### **1. *Employee education, innovation investment, and firm value***

\*Chia-Chen Teng, Chung Yuan Christian University, Taiwan.

J. Jimmy Yang, Oregon State University, USA.

Presenter: Chia-Chen Teng

Discussant: Tze-Houng Lee

### **2. Integrated Systems Engineering Approach to Evaluating R/D Projects: Incorporating Sysml V2, Financial Reporting Standards and Financial Mathematics**

\*Tze-Houng Lee, Singapore University of Social Science, Singapore.

Judy Ang, Institute of Singapore Chartered Accountants, Singapore.

Presenter: Tze-Houng Lee

Discussant: Chia-Chen Teng

**Session 24: Institutional ownership, Pension risk, and Option-based forecasting**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Min-Teh Yu, National Tsing Hua University, Taiwan**

**1. *Forecasting Stock Index Returns with Aggregate Stock Option Information***

Wen-Rang Liu, National Yunlin University of Science & Technology, Taiwan.

\*Chien-Ling Lo, National Taipei University, Taiwan.

Wen-Chien Liu, Chung Yuan Christian University, Taiwan.

Chun-Yo Chen, National Taiwan University, Taiwan.

Presenter: Chien-Ling Lo

Discussant: Min-Teh Yu

**2. *Does Index Inclusion Shape Pension Risk? Evidence from the S&P 500***

Run-Chuan Qin, National Yang Ming Chiao Tung University, Taiwan.

James Juichia Lin, National Yang Ming Chiao Tung University, Taiwan.

\*Min-Teh Yu, National Tsing Hua University, Taiwan.

Presenter: Min-Teh Yu

Discussant: Wei-Zhong Shi

**3. *Common Institutional Ownership and Capital Structure: Evidence from Taiwan***

\*Wei-Zhong Shi, Providence University, Taiwan.

Hui-Juan Cai, Providence University, Taiwan.

Min-Teh Yu, National Tsing Hua University, Taiwan.

Presenter: Wei-Zhong Shi

Discussant: Ming-Chun Hsiao

**4. *Common institutional ownership and firm's investment efficiency in Taiwan***

\*Ming-Chun Hsiao, National Yang Ming Chiao Tung University, Taiwan.

Yuan-Teng Hsu, Shanghai Jiao Tong University and Shanghai Business School, China.

James Juichia Lin, National Yang Ming Chiao Tung University, Taiwan.

Presenter: Ming-Chun Hsiao

Discussant: Chien-Ling Lo

## **Session 25: Corporate Finance**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB301

<https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Chien-Ping Chung, National Taipei University of Technology, Taiwan**

**1. *The Role of Financial Stability in the Credit Growth-Economic Growth Nexus: Addressing Banking Crises and Endogeneity***

Hao Fang and Yen-Hsien Lee, Chung Yuan Christian University, Taiwan.

\*Chien-Ping Chung, National Taipei University of Technology, Taiwan.

Presenter: Chien-Ping Chung

Discussant: Wee-Yeap Lau

**2. *The Impact of ESG Practices on the Performance of Finance Industry: Evidence from China's A-Share Market***

Ziwei Meng, Universiti Malaya, Malaysia.

\*Wee-Yeap Lau, Universiti Malaya, Kuala Lumpur, Malaysia.

Presenter: Wee-Yeap Lau

Discussant: Hao Fang

**3. *The moderating influences of CEO overconfidence on the relationship between ESG rating and stock performance***

\*Hao Fang, Chung Yuan Christian University, Taiwan.

Chieh-Hsuan Wang, Shih Hsin University, Taiwan.

Chien-Ping Chung, National Taipei University of Technology, Taiwan.

Presenter: Hao Fang

Discussant: Chien-Ping Chung

## **Announcement**

**The 19<sup>th</sup> NYCU International Finance Conference  
will be held at National Yang Ming Chiao Tung University,  
Hsinchu, Taiwan  
on **December 5<sup>th</sup>, 2025****



### **Paper Submission**

The **deadline** for paper submission is **September 15, 2025**. Authors should send a Word or PDF file of their **completed paper** in **English**. Each submission should have the following on the cover page:

1. **Title of the paper**
2. **Author's name, affiliation and E-mail address**

On the second page of the paper should be an **abstract**. Only electronic submissions will be accepted to [cflee312@gmail.com](mailto:cflee312@gmail.com) and [cflee@business.rutgers.edu](mailto:cflee@business.rutgers.edu).

Authors will be notified of the review committee's decision by **October 31, 2025**.

### **Conference Organizers:**

Department of Information Management and Finance, National Yang Ming Chiao Tung University, Taiwan  
Rutgers Business School, Rutgers University, USA

Foundation of Pacific Basin Financial Research and Development, Taiwan

### **Publication Note**

To be considered for publication, the author should formally submit his/her paper to <http://www.editorialmanager.com/requ> and send **US\$250** submission fee (check to be made payable to **Review of Quantitative Finance and Accounting**) to the following address. Professor Lee will decide the paper will be published in RQFA, RPBFMP, or APBBEF (Advances in Pacific Basin Business, Economics and Finance).

Prof. Cheng-Few Lee  
73 Hidden lake drive  
North Brunswick  
New Jersey 08902, USA

**The registration fee for this conference is USD \$150.**

# **The Interplay Between Political Connections, ESG, and Tax Avoidance: Insights from Indonesia**

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## **Abstract**

This study investigates the impact of political connections on tax avoidance and the moderating role of Environmental, Social, and Governance (ESG) engagement in publicly listed firms in Indonesia. Tax avoidance remain a critical issue for firms in emerging economies such like Indonesia. Research on tax avoidance for political affiliated firms in Indonesia have varied results from positive to negative effect on tax avoidance, and no effect. The role of ESG in mitigating the relationship, however, remains underexplored. Using a dataset of 140 observation from Refinitiv (LSEG) between 2019 to 2023, this study employs Generalized Method of Moments (GMM) to test the hypotheses. The models include firm-specific controls such as firm size, leverage, and profitability, and account for industry and year fixed effects. The findings reveal that politically connected firms engage in greater tax avoidance, as indicated by the negative relationship between political connections and effective tax rates (ETR). However, ESG engagement significantly moderates this effect, reducing the extent of tax avoidance among politically connected firms. Additionally, firm size and profitability negatively affect ETR, suggesting that larger and more profitable firms are more likely to engage in tax planning. These results enrich governance theories and emphasize stronger ESG regulation and policy to enhance tax enforcement as a practical implication. Future research should explore sector-specific ESG impacts and evolving tax regulations.

**Keywords:** Tax avoidance, political connections, ESG, corporate governance, GMM

## 1 Introduction

Tax considered an important component for both government and companies. On the government side, tax is revenue to finance government expenditures such as infrastructure development, education, public goods and other things for social welfare. For companies, tax is a significant cost which has direct effect on profitability as well as for company's value. It consequently becoming burden for companies and shareholders that make a reason for companies to avoid (Chen et al., 2010). Companies did tax avoidance using flaw in the tax system hence they can plan reduction of tax they owed (Lim, 2011). Previous research showed importance of political connection related to tax avoidance. In China, political connection shield companies from tax enforcement (Lin et al., 2018) and CEO who has relation with local government official more likely to engage tax avoidance. Kim and Lee (2021) exhibited the same result in South Korea that CEO who are well related to politician adopt riskier strategic choice such as tax avoidance. Abdullah et al. (2022) found firms with actively engage tax aggressive strategies tend to perform better when they have board members with political connections in Pakistan.

Indonesia as an emerging economy, tax has been a crucial issue. Tax in Indonesia contributes 75% of Indonesia revenue (Putra, 2022). Tax avoidance issue becoming more important as low tax revenue ratio were occurred in Indonesia (10.4%) compared to world average (13.5%) (CNN Indonesia, 2023). Prior research showed varied result of regulatory environments and political affiliations have impact on corporate tax strategies in Indonesia. Abdul Wahab et al. (2024) found military-connected firms enjoy higher tax avoidance. Moreover, political connection also weakened relation of tax avoidance and tax enforcement (Firmansyah et al., 2022). Dinigrum & Kurniawati (2024), however, presented different findings. They found that political connection in board of commissioner has negative effect on tax avoidance and no effect when political connection in board of directors. Indarto & Widarjo (2021) findings showed the same result when company had a high leverage situation. While Rudyanto et al. (2023) showed no significant effect of political connection with tax aggressiveness during Covid-19 pandemic and negative impact on more ethical companies. The findings, however, showed positive impact of political connection when the companies are less ethical.

Ethical behaviour of companies exhibited in some forms, one of them is in Environmental Social and Governance (ESG) implementation in the companies. Some studies argue that firms with strong ESG commitments (high ESG index) may engage in more responsible tax behaviour (Elgharbawy & Aladwey, 2025; Du & Li, 2024; Lanis & Richardson, 2015). Other studies, showed opposite results that ESG performance have positive relationship with tax avoidance (Davis et al. 2016; Col & Patel, 2019; Chandrasena et al., 2024). Firms would reduce tax avoidance when ESG index were low due to the risk of reputation and apply tax avoidance strategies when ESG performance are high. Some firms may manipulate through ESG practice to cover unethical practice such as tax avoidance. In Indonesia, most studies showed negative effect of ESG through Corporate Social Responsibility (CSR) on tax avoidance (Adiputra et al., 2019; Fitri & Munandar, 2018; Mulyani et al., 2017). It means that firms that engage more CSR activities tend to comply with tax regulation.

Given the ambiguity of political connection relationship on tax avoidance in Indonesia and most findings of ESG practice in Indonesia showed negative effect on tax avoidance. This study aims to investigating ESG function as a moderator factor between political connection and tax avoidance in Indonesian public companies listed in Indonesia Stock Exchange (IDX). The role of ESG is crucial in determining of tax avoidance aligns with global sustainability



efforts. According to stakeholder theory, companies engage in ESG as moral obligation and social responsibility are also expected to demonstrate the same commitment to the government by accomplished to their tax obligation (Fallan & Fallan, 2019)

As far as researchers' knowledge, there is little attention has been given to observe how ESG affect relationship between political connection and tax avoidance. Incorporating ESG as moderator factor, this research offers a novel theoretical framework that integrates political ties, ethical and governance, and tax strategies in the Indonesian market.

## **2 Literature Review**

### **2.1 Tax Avoidance**

Tax avoidance considered as strategic minimization of tax liabilities through shifting funds such as income shifting, profit allocation, and tax incentives from the government to the business legally (Khuong et al., 2020). Firms engage in tax avoidance to increase after tax profits, improve cash flow, and enhance shareholder value (Alkurdi & Mardini, 2020). Social obligation approach suggests companies to avoid tax avoidance strategies due to reputation cost for the company (Ortas & Gallego-Alvarez, 2020). In contrast, Hanlon & Slemrod (2009) found CSR disclosure reflected risk management function to support company's image and reputation. Hence, CSR practice thought as shield for irresponsible action such as tax avoidance. However, excessive tax avoidance can lead to reputational risks, regulatory inspection, and potential policy changes (Duhoon & Singh, 2023). Tax avoidance determine by some factors are governance mechanism, CSR practice, firm characteristics, and political connection (Duhoon & Singh, 2023). In emerging economies like Indonesia, tax avoiding is prevalent issue due to weak enforcement and regulatory gaps (Firmansyah et al., 2022).

### **2.2 Tax Avoidance and Political Connection**

Political connection significantly impacted firms' tax behaviour. It often allows firms to engage with aggressive tax planning such as tax avoidance that reduced risk of regulatory problems (Kim & Lee, 2021). Reasons for firms to have political connection are (1) protected against detection and legal action risks, and (2) access to important information and future regulation changes and legal enforcement (include tax regulation and enforcement) (Ajili & Khlif, 2020). Empirical studies obtained that political connection reduce effective tax rates (ETR) meaning higher tax avoidance (Firmansyah et al., 2022; Lin et al., 2018; Kim & Lee, 2021; Abdullah et al., 2022). In Indonesia, however, the results are varied. Firmansyah et al. (2022) and Abdul Wahab et al. (2024) found positive results of political connection relationship with tax avoidance. In contrast, there are negative and no effect between political connections and tax avoidance (Diningrum & Kurniawati, 2024; Indarto & Widarjo, 2021).

Although there is no clear consensus among findings in Indonesia, in general empirical studies showed negative relationship of political connection and ETR. Hence, the study proposed such hypothesis:

H1: There is negative relationship between political connection and effective tax rate (ETR).

## **2.3 Tax Avoidance and ESG**

The relationship between ESG practices and tax avoidance remain ambiguous. Some scholars argue that firms with strong ESG commitments employ in less tax avoidance due to ethical consideration and reputational concerns (Elgharbawy & Aladwey, 2025; Du & Li, 2024; Lanis & Richardson, 2015; Ortas & Gallego-Alvarez, 2020). ESG conscious firms may voluntarily pay higher taxes to demonstrate their commitment to corporate responsibility (Hoi et al., 2013). The findings were based on stakeholder theory that firms engage ESG activities for the benefit of their stakeholders. Tax regulator as public authorities should be seen as part of stakeholder, hence firms with strong ESG considered comply to tax regulation as part of their ESG activities.

Studies uses legitimacy and risk management theories explain different results compared to the one used stakeholders' theory. They found positive effect of ESG practice to tax avoidance (Davis et al. 2016; Col & Patel, 2019; Chandrasena et al., 2024). Companies might balance tax avoidance and ESG practice to manage their reputation. ESG actions and tax avoidance are principally view as risk-management strategy to enhance companies' reputation.

Indonesia practice of ESG mostly has negative association with tax avoidance or positive effect on ETR (Adiputra et al., 2019; Fitri & Munandar, 2018; Mulyani et al., 2017). The same findings showed by Rudyanto et al. (2023) that more ethical companies showed negative impact on tax aggressive during Covid-19 pandemic.

From the above discussion, the study proposed hypothesis:

H2: ESG performance has positive impact on ETR.

## **2.4 Moderating Effect of ESG on the Relationship Between Political Connections and Tax Avoidance**

Recent studies imply that ESG plays a moderating role in relationship between political connections and tax avoidance. ESG reporting can act as a governance mechanism that constrains politically connected firms from doing in excessive tax avoidance through increasing transparency and accountability (Firmansyah et al., 2022). Moreover, Rudyanto et al. (2023) showed more ethical companies doing less tax avoidance although they had political connection in their boards. Firms that actively disclose ESG information may be more closely to be monitored by public, investors, and regulators. They, accordingly, less likely to apply tax avoidance aggressively. ESG reporting could function as an external pressure mechanism to enhance tax compliance (Kanagaretnam et al., 2018). However, ESG can also serve as a strategic tool for politically connected firms to justify tax-saving strategies while maintaining a responsible public image (Davis et al. 2016; Col & Patel, 2019; Chandrasena et al., 2024).

The dual role of ESG as both a constraint and an enabler of tax avoidance highlights the complexity of corporate tax behaviour in politically connected firms. Hence, the study propose hypothesis based on Firmansyah et al. (2022) and Rudyanto et al. (2023), as most Indonesia case on ESG has negative association with tax avoidance.

H3: ESG moderating positively on relationship between political connections and tax avoidance.

### 3 Data and Methods

This study utilizes secondary data obtained from publicly listed firms on the Indonesia Stock Exchange (IDX) between 2019 to 2023 using Refinitiv (LSEG) data base. The dataset consists of 140 observations across various industries and classified using the Global Industry Classification Standard (GICS). The financial and governance-related information including tax reports, political connections, is extracted from annual reports, sustainability reports, and financial statements. Firms with missing or incomplete disclosures were excluded using listwise deletion method, ensuring consistency in the analysis.

The dependent variable in the study is tax avoidance, measured using the effective tax rate (ETR) as a widely used to measure tax avoidance (Tang, 2020). ETR is calculated as the ratio of total tax expense to pre-tax income. A lower ETR indicates higher levels of tax avoidance. The main independent variable is political connection (PC), which number of political affiliations person from board members, commissioners, or top executives of the companies. Political affiliation is based on direct government roles, membership in political parties, or previous governmental positions.

The study also examines ESG performance as independent variable, which is measured using ESG score from Refinitiv (LSEG) database. To investigate the moderating role of ESG in the relationship between political connections and tax avoidance, an interaction term PC x ESG is included in the regression model.

Several control variables are used to enhance the robustness of analysis. Firm size (SIZE) is measured as the logarithm of total assets. Leverage (LEV) is calculated as the ratio of total debt to total assets, reflecting a firm's capital structure. Return on assets (ROA) indicate of firm profitability (Lin et al., 2018). Additionally, industry (IND) and year (YEAR) were included to control for sectoral differences and time-specific variations.

To examine the relationship between political connections, ESG performance, and tax avoidance, the study employs the Generalized Method of Moments (GMM) estimation technique. GMM is utilized to address potential endogeneity concerns, which may arise due to reverse causality or omitted variable bias. The regression model is specified as follows:

$$ETR_{i,t} = \beta_0 + \beta_1 PC_{i,t} + \beta_2 ESG_{i,t} + \beta_3 (PC \times ESG)_{i,t} + \beta_4 SIZE_{i,t} + \beta_5 LEV_{i,t} + \beta_6 ROA_{i,t} + \gamma IND + \delta YEAR + \epsilon_{i,t}$$

where represents the Effective Tax Rate for firm  $i$  in year  $t$ , denotes political connection status, captures ESG disclosure scores, and is the interaction term to assess the moderating role of ESG. Control variables include firm size, leverage, and profitability, while industry and year fixed effects account for sectoral and temporal influences.

### 4 Findings and Discussions

#### 4.1 Descriptive Statistics and Person Correlation Test

Table 1 summarizes the key statistics of variables in this study. The ETR has a mean of 0.285 with high variability ( $SD = 0.395$ ), indicating differences in tax burdens across firms. Some firms report zero taxes, while others have ETRs exceeding 4. It possibly due to penalties or tax adjustments excess from regulation or tax planning of the firms. While PC shows

that 36.1% of firms have political ties, with values ranging from 0 to 2 persons in the firms. ESG scores average 49.41 (SD = 18.58), showing significant variation in sustainability engagement among firms. The variation might indicate inconsistent adoption of sustainability practices as a strategic tool or reflect differences in industry requirements or investor expectations. Among control variables, SIZE averages 24.83 (SD = 2.06), while LEV and ROA show considerable dispersion (ROA ranging from 0.45% to 68.55%). These variations suggest potential differences in firms' tax strategies.

Table 1. Descriptive Statistics

Variabel	N	Mean	Std. Deviasi	Min	Max
ETR	140	0.285	0.395	0	4.400
PC	140	0.361	0.410	0	2
ESG	140	49.406	18.579	12.59	86.67
SIZE	140	24.826	2.056	20.99	32.668
LEV	140	0.179	0.168	0	0.706
ROA	140	10.857	10.561	0.45	68.55

Table 2 presents the Pearson correlation test, which examines the relationships between ETR, PC, ESG, and key financial variables. The results indicate that the correlations among the study's variables are generally low, suggesting no serious multicollinearity concerns. The strongest correlation is observed between SIZE and LEV (0.536,  $p < 0.001$ ), indicating that larger firms tend to have higher debt levels. Additionally, LEV is negatively correlated with ROA (0.299,  $p < 0.001$ ), suggesting that highly leveraged firms exhibit lower profitability. ESG is positively correlated with firm size (0.205,  $p < 0.05$ ) and profitability (0.195,  $p < 0.05$ ), implying that larger and more profitable firms tend to engage in sustainability initiatives. However, ESG does not show a significant correlation with ETR (0.017,  $p > 0.10$ ), indicating that ESG performance is not directly linked to tax avoidance strategies.

Table 2. The Pearson Correlation Test

	(1)	(2)	(3)	(4)	(5)	(6)
(1) ETR						
(2) PC	-0.123					
(3) ESG	0.017	0.012				
(4) SIZE	-0.086	0.128	0.205**			
(5) LEV	0.098	0.010	0.007	0.536***		
(6) ROA	-0.092	0.120	0.195**	-0.113	-0.299***	

Note: \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$

## 4.2 Regression and General Moment Method Test Result

This study uses ordinary least square (OLS) regression and the general moment method (GMM) to cater potential endogeneity problem. The result from both estimations presented and compared to evaluate the robustness of the finding. Table 3 presents the OLS regression results. PC exhibit a significant negative effect on ETR (-0.182,  $p < 0.05$  in Model 1), hence H1 is accepted. The result indicates politically connected firms tend to engage in higher tax avoidance. When ESG and its interaction term ( $PC \times ESG$ ) are included in Model 2, the coefficient for PC remains significant but weaker (-0.067,  $p < 0.05$ ), while ESG itself does not show a significant effect on ETR. The result showed that H2 is rejected, mean there is no

significant effect of ESG alone on ETR. Interestingly, the interaction term  $PC \times ESG$  is positive and weakly significant (0.001,  $p < 0.10$ ) (H3 is accepted), suggesting that ESG engagement may mitigate tax avoidance practices among politically connected firms. The control variables reveal that SIZE and ROA are negatively related to ETR, implying that larger and more profitable firms engage in tax planning strategies. Whereas LEV is positively associated with ETR (0.831,  $p < 0.05$ ), indicating that highly leveraged firms tend to have higher tax payment. Model 2 shows improved explanatory power ( $R^2 = 0.3181$ ,  $Adj R^2 = 0.2167$ ), suggesting that the inclusion of ESG enhances model fit. Small value Variance Inflation Factor (VIF) for Model 1 and 2 (1.60 and 2.86) indicates there is no multicollinearity concern in both models.

Table 3. The OLS Results of Tax Avoidance Relations to Other Independent Variables

Variables	ETR	
	Model 1	Model 2
PC	-0.182**(-2.05)	-0.067**(-1.99)
ESG		-0.000(-0.14)
PC*ESG		0.001*(1.79)
SIZE	-0.115*(-1.84)	-0.011*(-1.94)
LEV	0.831**(2.14)	0.055(1.22)
ROA	0.001(0.07)	-0.002***(-2.70)
IND	<i>Included</i>	<i>Included</i>
YEAR	<i>Included</i>	<i>Included</i>
Average VIF	1.60	2.86
R <sup>2</sup>	0.1887	0.3181
Adj R <sup>2</sup>	0.0831	0.2167
F	1.79	3.14
Prob > F	0.0400	0.0001
N	140	140

Note: \*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$

To address endogeneity concerns and robustness, Table 4 presents the GMM estimation results. The findings confirm the negative association between PC and ETR, with a significant coefficient of -0.067 ( $p < 0.05$  in Model 2) indicating H1 is accepted. The result support the argument that politically connected firms engage in tax avoidance. ESG result is consistently (with OLS) does not showed significant effect (rejected H2). However, the interaction term  $PC \times ESG$  becomes more significant (0.001,  $p < 0.05$ ) in different direction (accept H3). The result revealed that ESG engagement plays a strong moderating role on ETR although it has no significant effect on ETR. SIZE becomes statistically significant (-0.011,  $p < 0.05$ ) when ESG interaction included, reinforcing the idea that larger firms engage in structured tax planning through ESG. Furthermore, ROA becomes significantly negative (-0.001,  $p < 0.01$ ) when ESG interaction incorporated in the model. This result confirming that more profitable firms are more likely to engage in tax avoidance strategies when company have political ties and ESG practices.

These findings align with previous studies on tax avoidance and political connections. The negative relationship between PC and ETR is consistent with prior research suggesting that politically connected firms leverage their influence to reduce tax burdens (Firmansyah et al., 2022; Lin et al., 2018; Kim & Lee, 2021; Abdullah et al., 2022; Abul Wahab et al., 2024). Furthermore, the significant moderating role of ESG aligns with research indicating that strong corporate governance and sustainability practices can control aggressive tax planning such as tax avoidance (Elgharbawy & Aladwey, 2025; Du & Li, 2024; Lanis & Richardson, 2015; Ortas

& Gallego-Alvarez, 2020). ESG disclosure regulate (Firmansyah et al., 2022) and pressure (Kanagaretnam et al., 2018) for companies to do excessive tax avoidance. This might a strategic tool for politically connected firms to maintain public image (Davis et al. 2016; Col & Patel, 2019; Chandrasena et al., 2024). Probably, this also indicating that ethical consideration might limit tax avoidance through political connection (Rudyanto et al., 2023).

Table 4. GMM Result Test

ETR		
Variable	Model 1	Model 2
PC	-0.182*(-1.82)	-0.067**(-2.41)
ESG		-0.000(-0.17)
PC*ESG		0.001**(2.08)
SIZE	-0.115(-0.96)	-0.011**(-2.15)
LEV	0.832(1.45)	0.055(1.34)
ROA	0.001(0.11)	-0.001***(-3.08)
b0	2.870(1.02)	0.521*** (3.99)

Note: \*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$

Moreover, the findings from control variables exhibit setting of model. Significant role of ESG on political connection and tax avoidance are more likely in larger and profitable firms. The reduced impact of leverage in the GMM model suggests that once endogeneity is controlled for, debt financing may not play as central a role in tax planning as initially observed in the OLS model.

The implications of these findings extend beyond regulatory considerations. From a corporate governance perspective, firms with political ties may face increased examination from investors and stakeholders who demand higher levels of tax transparency and ESG commitment. This suggests that politically connected firms should not only focus on compliance but also on enhancing their ESG reporting to mitigate reputational risks associated with tax avoidance (Elgharbawy & Aladwey, 2025; Du & Li, 2024). Additionally, firms with strong ESG practices may benefit from improved public perception, greater investor confidence, and potential incentives from regulators, further reinforcing the business for more responsible tax behaviour and be more ethical (Rudyanto et al., 2023).

Moreover, the results highlight the dual role of ESG in tax avoidance strategies. Negative sign of ESG effect on ETR (although not significant) indicates firms may leverage ESG engagement as a tool for mechanism to divert attention from tax planning activities. However, at the same time ESG has positive moderating role in control tax avoidance. This reinforces the need for stronger regulatory oversight on ESG disclosures to ensure that sustainability initiatives genuinely reflect ethical corporate behaviour rather than being exploited as a tax avoidance strategy (Rudyanto et al., 2023).

## 5 Conclusions and Limitation

This study examines the relationship between tax avoidance, political connections, and ESG performance of publicly listed firms in Indonesia. The study provides empirical evidence that political connections are strongly associated with higher tax avoidance, as firms with political ties tend to lower their effective tax rates. However, the findings also indicate that ESG engagement plays a moderating role, alleviating the extent of politically connected firms

engage in tax avoidance. Interestingly, although ESG perform stronger than political connection in tax avoidance, it has a positive but not significant effect on tax avoidance motives among the firms.

The findings have important policy and managerial implications. For regulators and policymakers, the study suggests the need for stronger ESG disclosure regulations to ensure that sustainability commitments are not merely symbolic but actively discourage aggressive tax strategies. Furthermore, tax authorities should implement prudent monitoring of politically connected firms to prevent undue tax advantages.

For corporate governance literature, the results highlight the importance of ESG integration in tax strategy for political affiliated firms. The findings enrich stakeholder theory as well as legitimacy and risk management theory. Affiliated firms probably integrate ESG as part of risk management to avoid bad reputation caused by tax avoidance practice. At the same time, however, might a genuine ethical behaviour of the firms.

Findings would encourage future research through exploring sectoral differences in examining the variables. Industry-specific examination may provide deeper insight into how different governance structures shape corporate tax strategies. Furthermore, longitudinal studies could investigate how changes in political regime and ESG policies impact tax behaviour over time.

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