ความสัมพันธ์ระหว่างคุณลักษณะของคณะกรรมการบริษัทกับอัตราภาษีเงินได้ที่แท้จริงของบริษัทที่จดทะเบียนในตลาดหลักทรัพย์ย่างกุ้ง (YSX)

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บทคัดย่อ

การวิจัยนี้มีวัตถุประสงค์เพื่อวิเคราะห์ความสัมพันธ์ระหว่างคุณลักษณะของคณะกรรมการบริษัทกับอัตราภาษีเงินได้ที่แท้จริงของบริษัทจดทะเบียนในตลาดหลักทรัพย์ย่างกุ้ง ประเทศเมียนมา ซึ่งเป็นตลาดทุนเกิดใหม่ที่ยังมีหลักฐานเชิงประจักษ์จำกัด การศึกษานี้ใช้ข้อมูลพาเนลจากบริษัทจดทะเบียนจำนวน 8 บริษัท ครอบคลุมช่วงปี พ.ศ. 2559–2567 รวมจำนวนข้อมูล 54 ปีบริษัท และวิเคราะห์ข้อมูลด้วยสถิติเชิงพรรณนาและแบบจำลองการถดถอยพหุคูณ

ผลการวิจัยพบว่า ขนาดของคณะกรรมการบริษัทมีความสัมพันธ์เชิงลบกับอัตราภาษีเงินได้ที่แท้จริง ขณะที่กลไกการกำกับดูแลด้านอื่น ได้แก่ ขนาดคณะกรรมการตรวจสอบ ความเป็นอิสระของคณะกรรมการ การควบตำแหน่งประธานเจ้าหน้าที่บริหารและประธานกรรมการ และความถี่ในการประชุมคณะกรรมการ ไม่พบความสัมพันธ์กับอัตราภาษีเงินได้ที่แท้จริงของบริษัท ผลการศึกษานี้ชี้ให้เห็นว่า แม้คณะกรรมการบริษัทที่มีขนาดใหญ่กว่าอาจเอื้อให้มีความเชี่ยวชาญที่หลากหลายในการกำกับดูแลงานด้านภาษี แต่ผลกระทบในเชิงปฏิบัติของโครงสร้างการกำกับดูแลกิจการตามข้อกำหนดทางกฎหมายต่อผลลัพธ์ทางภาษียังคงมีอยู่อย่างจำกัดในตลาดทุนที่ยังอยู่ในช่วงเริ่มต้นแห่งนี้

คำสำคัญ: คุณลักษณะคณะกรรมการบริษัท อัตราภาษีเงินได้ที่แท้จริง การกำกับดูแลกิจการ ตลาดหลักทรัพย์ย่างกุ้ง

The Relationship Between Board Characteristics and Effective Tax Rates of Companies Listed on the Yangon Stock Exchange (YSX)

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Abstract

This research aims to analyze the relationship between board characteristics and the effective tax rate (ETR) of companies listed on the Yangon Stock Exchange (YSX) in Myanmar, an emerging capital market where empirical evidence remains limited. The study employs panel data from 8 listed companies covering the period 2016–2024, totaling 54 firm-year observations. Data analysis was conducted using descriptive statistics and multiple regression models.

The findings reveal that board size is negatively associated with the effective tax rate. Conversely, other corporate governance mechanisms, including audit committee, board independence, CEO duality, and board meetings, show no significant relationship with the companies' effective tax rate. These results suggest that while larger boards may offer diverse expertise for tax-related oversight, the practical impact of mandated governance structures on tax outcomes remains limited in this early-stage market.

Keywords: Board Characteristics, Effective Tax Rates (ETR), Corporate Governance, Yangon Stock Exchange

Introduction

Myanmar's tax regime is governed by the Union Taxation Law (UTL), which is updated annually and outlines applicable tax rates, exemptions, and filing requirements for individuals and corporations. In Myanmar, the corporate taxation framework has undergone several changes in recent years as part of broader efforts to modernize tax administration and improve compliance (DFDL, 2025). Under the Union Taxation Law (UTL), the standard corporate income tax (CIT) rate in Myanmar is currently 22% for most resident companies. In comparison, public companies listed on the Yangon Stock Exchange (YSX) benefit from a reduced rate of 17% according to (DFDL, 2024) & (PwC, 2025).

Tax expenses represent a significant component of a firm's financial obligations and directly influence business decisions, profitability, and investment strategies (Rompotis, 2024). To understand these obligations, the Effective Tax Rate (ETR) is utilized as a fundamental metric, derived by dividing total tax expense by pre-tax income. This ratio provides a standardized measure of the actual tax burden borne by firms, beyond statutory rates, and reflects how tax obligations influence profitability and investment decisions. In this study, the ETR serves as a direct proxy for the tax expense reported in financial statements, capturing the bottom-line tax outcome resulting from corporate oversight. (Hanlon & Heitzman, 2010)

Given the discretion involved in tax planning decisions, governance mechanisms may play a pivotal role in shaping firms' tax outcomes. Corporate governance is considered an important determinant in influencing strategic decisions, including tax planning and compliance. This relationship is best understood through Agency Theory, which suggests that governance mechanisms mitigate conflicts of interest between shareholders and managers. Managers, driven by self-interest, may engage in aggressive tax avoidance to inflate short-term earnings, while strong governance tools such as board independence and audit committees act as monitoring mechanisms to align managerial actions with long-term shareholder interests and ethical compliance. Specifically, board characteristics such as board size, audit committee, board independence, CEO duality, and board meetings are expected to shape the implementation of these strategies (Lanis & Richardson, 2010).

The Yangon Stock Exchange (YSX), established in 2015, lists fewer than 10 actively traded firms and operates under an evolving regulatory framework that blends the

Myanmar Companies Law (2017) with international governance standards (The Pyidaungsu Hluttaw, 2017). Board committees, particularly audit committees, are mandated for YSX-listed firms to oversee financial integrity, yet their efficacy in shaping tax behaviors, such as effective tax rates (ETRs), remains unexamined. Global studies show that board characteristics, such as board independence, CEO duality, and board meetings, significantly influence effective tax rates (ETRs) by constraining aggressive tax planning (Alkurdi et al., 2024) & (Pham et al., 2024). Specifically, frequent board meetings are often viewed as a sign of active monitoring, thereby reducing tax-related agency costs (Chen & Nowland, 2010). However, in Myanmar, these dynamics are potentially disrupted by concentrated familial ownership present in approximately 80% of YSX firms and specific tax incentives for Special Economic Zones (SEZs). Such structures may dilute the authority of audit committees, which are generally expected to reduce tax aggressiveness through superior oversight (Thomya & Ritsri, 2024).

While studies in neighboring emerging markets like Vietnam and Pakistan have begun to explore these links, empirical research in Myanmar remains at an embryonic stage (Kyaw Thi Ha, 2019). Most ETR literature focuses on developed economies or larger emerging markets like Thailand and Vietnam, leaving a gap in evidence regarding frontier markets where capital markets are in their infancy. Despite the growing importance of the YSX, there is a critical scarcity of empirical research exploring the relationship between governance and tax within the YSX context. This study seeks to fill this significant research gap by investigating how board size, audit committee, board independence, CEO duality, and board meetings relate to the ETRs of YSX-listed firms. By doing so, it provides much-needed evidence from an emerging market where corporate practices and regulatory enforcement differ substantially from developed economies, thereby contributing to the broader understanding of governance in global frontier markets.

Research Objectives

To examine the relationship between board characteristics, including board size, audit committee, board independence, CEO duality, and board meetings, and the effective tax rates of YSX-listed companies.

Literature Review and Conceptual Framework and Research Hypothesis

1. Relevant Theories and Literature

The theoretical foundation for this study is Agency Theory, as pioneered by Jensen and Meckling (1976). This theory provides a framework for understanding how corporate governance mechanisms mitigate conflicts of interest between shareholders and managers. Managers, driven by self-interest such as maximizing bonuses linked to short-term profits, may engage in aggressive tax avoidance to inflate reported earnings. While this may temporarily increase cash flow, it reduces a firm's Effective Tax Rate (ETR) and exposes the organization to significant regulatory penalties and reputational damage. In this context, corporate governance tools such as board independence, audit committees, and restrictions on CEO duality act as monitoring mechanisms to align managerial actions with shareholder interests. Independent directors, for instance, scrutinize tax strategies to ensure compliance, which leads to a higher ETR. In contrast, CEO duality concentrates power, enabling tax-aggressive behavior and resulting in a lower ETR. In emerging markets like Myanmar, these governance mechanisms become critical levers for balancing tax efficiency with ethical compliance. Existing literature reveals some unresolved tensions regarding the characteristics of the board and effective tax rates (ETRs). According to Pavlou (2025), board independence correlates with higher ETRs in regulated industries but shows null effects in weak institutional contexts. Audit committees with financial expertise reduce ETRs by using efficient planning (Lee et al., 2024); excessive meetings may signal oversight inefficiency rather than rigor (Zhang et al., 2022). CEO duality is associated with lower ETRs in emerging markets due to reduced checks on executive power (Zhang et al., 2022). Although board characteristics have been extensively studied concerning tax planning and tax aggressiveness in developed countries, there is limited research on how these characteristics influence the effective tax rates (ETRs) of firms in the Yangon Stock Exchange.

The Yangon Stock Exchange is still at a developmental stage, with most listed companies operating under evolving governance frameworks (Mg Soe Moe, 2019). In the unique environment of the Yangon Stock Exchange, the agency problem likely shifts from the traditional manager-shareholder conflict (Type I) to a Type II agency problem, where concentrated family owners may exert undue influence over tax strategies to the

detriment of minority investors. So, board characteristics, specifically board size, audit committee, board independence, CEO duality, and board meetings**,** act as critical monitoring tools designed to reduce information asymmetry. This study predicts that stronger governance characteristics will mitigate agency conflicts, leading to more transparent tax behaviors. Specifically, it is expected that increased board diligence (meetings) and independence will constrain aggressive tax planning, thereby aligning the firm's Effective Tax Rates (ETRs) with its long-term economic substance rather than the short-term interests of controlling agents. By applying Agency Theory to the YSX, this research seeks to determine whether international governance standards can effectively bridge the accountability gap in an emerging market characterized by high ownership concentration.

2. Definition of Research Variables

1) Dependent Variable

Effective tax rate (ETR) is defined as the average rate at which a corporation is taxed and is calculated as the ratio of total tax expense to pre**-**tax income**.** In this study, the Effective Tax Rate (ETR) is utilized as the primary proxy for a firm's actual tax burden and the outcome of its tax planning activities. Conceptually, the ETR captures the bottom-line tax outcome resulting from the board's governance and oversight (Hanlon & Heitzman, 2010). For this research, a lower ETR is interpreted as a sign of more aggressive or sophisticated tax planning, while a higher ETR reflects greater tax compliance and a reduction in aggressive tax-shielding strategies. This clarity ensures that the hypotheses regarding governance strength are directly linked to the direction of tax outcomes.

2) Independent Variable

The independent variables in this research are board size, audit committee, board independence, CEO duality, and board meetings. These board characteristics represent key governance attributes that reflect the board's structure, composition, leadership, and operational effectiveness. The characteristics of the board are defined through the following five governance factors:

(1) Board Size

Board size refers to the total number of directors serving on the board. Larger boards are theoretically expected to provide more resources, diverse

viewpoints, and increased capacity for oversight. However, excessively large boards may experience coordination difficulties and slower decision-making processes (**Jensen, 1993**). Agency theory posits that larger boards enhance oversight diversity but risk coordination failures, while smaller boards may lack the expertise to monitor managerial tax opportunism. While a moderately sized board can improve monitoring efficiency, the trade-off between diverse expertise and coordination. So, it remains a central tension in agency theory. Existing literature shows conflicting findings regarding the impact of board size on tax outcomes. Some studies suggest larger boards enhance oversight diversity and tax-planning capacity (Minnick & Noga, 2010), while others highlight risks of coordination failure that may lead to less effective monitoring (Armstrong et al., 2015). In the YSX context, larger boards may provide the technical manpower needed to implement complex tax-saving strategies. Therefore, the hypothesis is proposed:

H1: There is a significant negative relationship between board size and the Effective Tax Rate (ETR).

(2) Audit Committee

The audit committee is a crucial subcommittee of the board that oversees financial reporting, internal controls, and the external audit process. A well-functioning audit committee enhances the board's ability to detect financial misstatements and aggressive tax strategies (Scott A. Reed et al., 2002). Companies with an active audit committee are expected to have improved financial oversight and stronger governance, which can lead to greater tax transparency. Agency theory presents this as a vital monitoring role that restricts managers' tax avoidance. Existing literature provides conflicting perspectives on the audit committee's impact. Some research indicates that effective committees may reduce ETRs through efficient tax planning (Lanis & Richardson, 2010). However, others find that strong committees increase ETRs by acting as gatekeepers that prioritize strict compliance and risk mitigation (Kanagaretnam et al., 2016). In the context of a frontier market like the YSX, where transparency is still developing, a robust audit committee is expected to prioritize tax compliance over aggressive avoidance. Thus, the hypothesis is proposed as follows:

H2: There is a significant positive relationship between the audit committee and the Effective Tax Rate (ETR).

(3) Board Independence

Board independence refers to the proportion of directors who have no material or pecuniary relationship with the company, thereby ensuring they are not involved in daily management. These directors are expected to provide unbiased oversight and safeguard shareholder interests (Armstrong et al., 2015). From an Agency Theory perspective, greater independence reduces managerial entrenchment, which helps curb aggressive tax strategies that could harm the firm's long-term reputation or legal standing. The relationship between board independence and tax outcomes remains a subject of academic debate. Some studies find that independent boards are associated with higher ETRs because they prioritize tax compliance and risk mitigation (Lanis & Richardson, 2010). However, other research suggests that in weak institutional contexts or frontier markets, independent directors may have null or inconsistent effects on tax behavior due to limited access to information or symbolic appointments (Desender et al., 2013). In the context of YSX, independent directors are theoretically expected to act as critical monitoring tools to align tax behaviors with long-term economic substance, despite the challenges of an emerging regulatory environment. Therefore, the research relationships are hypothesized below.

H3: There is a significant positive relationship between board independence and the Effective Tax Rate (ETR).

(4) CEO Duality

CEO duality occurs when the same individual serves as both the Chief Executive Officer and the Chairperson of the Board. This structure concentrates decision-making power in one person, significantly weakening the board's independence and its ability to perform its oversight role effectively (Zhang et al., 2022). Under Agency Theory, this lack of checks and balances allows the CEO to prioritize personal or short-term firm gains, such as aggressive tax avoidance, without sufficient scrutiny from the board, potentially leading to lower ETRs. Empirical research regarding CEO duality and tax outcomes presents a complex picture. In many emerging markets, duality is consistently associated with lower ETRs (higher tax avoidance) due to reduced executive accountability and the ability of a powerful CEO to bypass internal controls (Amri et al., 2023). However, other studies find that the impact of duality can be null or even positive in specific

institutional settings where high-powered leadership is needed to navigate complex regulatory environments or where alternative monitoring mechanisms (like strong institutional investors) are present (Richardson et al., 2015). In the context of the YSX, where corporate structures are often centralized, CEO duality is expected to reduce the rigor of tax oversight. Hence,

H4: There is a significant negative relationship between CEO duality and the Effective Tax Rate (ETR).

(5) Board meetings

Board meetings refer to the number of meetings held by the board in a fiscal year. Regular meetings allow boards to identify and address financial or strategic issues early, maintaining better tax compliance through vigilant oversight (Vafeas, 1999). From an Agency Theory perspective, frequent meetings are viewed as a sign of active monitoring that reduces tax-related agency costs by ensuring managers remain accountable to shareholders. The academic literature presents conflicting views on whether meeting frequency improves firm outcomes. Some researchers argue that more frequent meetings lead to higher ETRs as they provide more opportunities for directors to scrutinize tax positions and ensure compliance (Brick & Chidambaran, 2010). Conversely, others suggest that excessive meetings can signal oversight inefficiency or a "reactive" board that only meets frequently when the firm is facing a crisis, which may not lead to better tax planning (Jensen, 1993). In a developing market like Myanmar, the frequency of meetings is expected to reflect the board's commitment to establishing formal governance routines. So,

H5: There is a significant positive relationship between board meetings and the Effective Tax Rate (ETR).

3) Control Variable

The control variables include firm size, profitability, and leverage that may influence the effective tax rates (ETRs). They can be defined as follows:

(1) Firm Size

Firm size is controlled for to account for differences in tax-planning capacity and regulatory visibility. SIZE is operationalized as the natural logarithm of total assets. Larger firms often benefit from economies of scale in tax planning and possess the

internal expertise to navigate complex tax regulations effectively. However, they may also face higher political costs and stricter enforcement due to their high visibility to tax authorities (Zimmerman, 1983). This variable helps ensure that the results are not biased by the inherent operational differences between large-scale enterprises and smaller listed entities on the YSX.

(2) Profitability

Profitability represents the company's financial performance, calculated by the ratio of net income to total assets. It is a crucial determinant of tax outcomes as it reflects the income base subject to taxation (Gupta & Newberry, 1997). Controlling for profitability is necessary because highly profitable firms often face greater political costs and regulatory scrutiny, which can lead them to adopt more conservative tax positions. Including PROF as a control variable is essential to ensure that the observed relationships between board characteristics and tax outcomes are not confounded by the firm's underlying financial strength. Furthermore, profitability reflects the firm's resource capacity to engage in tax-planning strategies that directly influence the final ETR.

(3) Leverage

Leverage represents the capital structure of the firm and is measured by the ratio of total debt to total assets. The inclusion of leverage is justified by the tax shield effect; since interest payments on debt are generally tax-deductible expenses under Myanmar's tax regime, firms with higher debt levels are expected to report lower ETRs (Stickney & McGee, 1982). Including this variable ensures that the model controls for tax savings resulting from financing decisions rather than corporate governance oversight.

3. Research Hypotheses and Conceptual Framework

This study examines how board characteristics relate to the effective tax rates (ETRs) of companies listed on the Yangon Stock Exchange. Board size, audit committee, board independence, CEO duality, and board meetings are the dimensions of board characteristics that may affect tax planning decisions. Larger boards and more frequent meetings are expected to improve oversight and reduce tax aggressiveness. The presence of an audit committee and independent directors can strengthen financial supervision and promote tax compliance. In contrast, CEO duality may weaken board independence and increase the likelihood of aggressive tax strategies. These governance characteristics

directly impact the company's effective tax rate, which reflects its actual tax burden. Consequently, the Effective Tax Rate is defined as the dependent variable. Firm size, profitability, and leverage are considered as control variables in this study.

The following conceptual framework demonstrates how board characteristics associate with the effective tax rates of firms listed on the Yangon Stock Exchange.

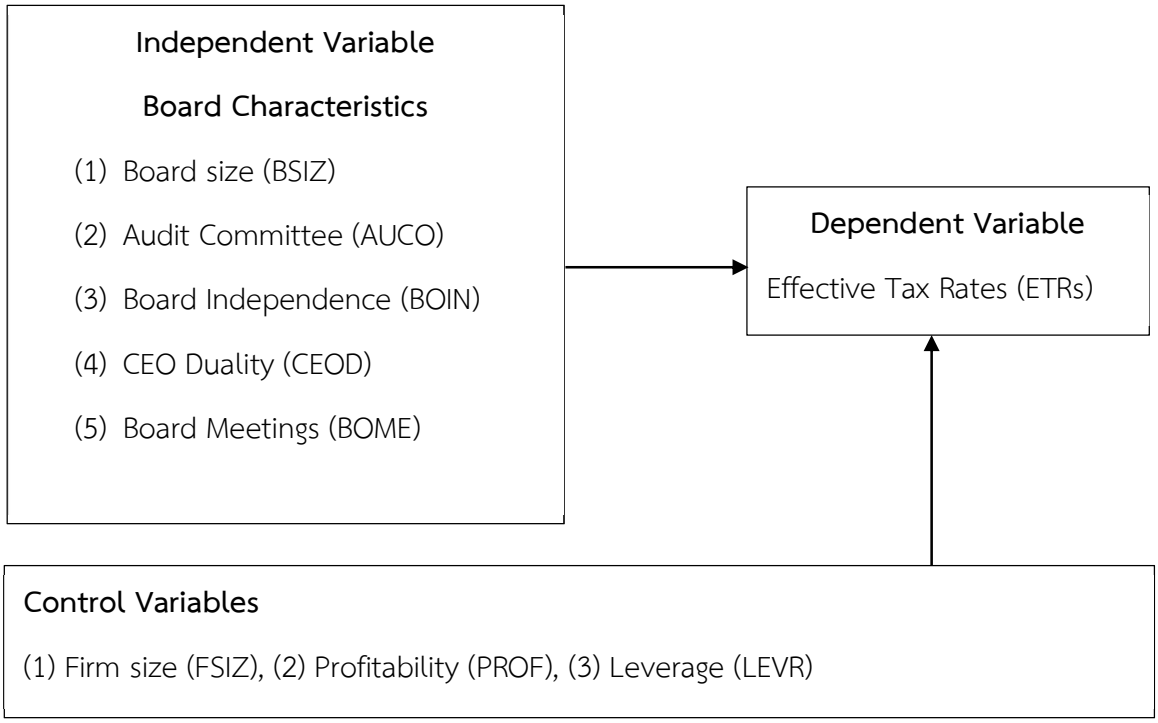


Figure 1. Conceptual Framework of the Research

Research Methods

1. Population and Sample

This research utilizes archival data from secondary sources, focusing exclusively on companies listed on the Yangon Stock Exchange (YSX). The dataset includes annual reports (Governance Disclosures, Financial Statements) from the YSX and the Directorate of Investment and Company Administration (DICA) of Myanmar. It also includes quantitative data from YSX disclosures (e.g., financial ratios, board characteristics, tax expenses). Data were collected from 2016 to 2024, covering 9 years. The population comprises firms across various sectors such as Investment, Real Estate Development, Banking, Telecommunications, Logistics, Hotel & Tourism, and Wholesale

Markets Development. However, firms with incomplete data (missing data) are excluded from the calculation for this study. The detailed sample selection process is shown in Table 1.

Table 1: Sample Selection

Description	Number	Unit of analysis
Total population	8*	Firms
Total population size	72	Firm-year observations
Less: missing data	18	Firm-year observations
The sample size	54	Firm-year observations

* Data retrieved from the Yangon Stock Exchange as of 5 October 2025, available at https://ysx-mm.com/main-board/listing/company/

The final sample consists of 54 firm-year observations from 8 listed companies. While this sample size is limited compared to studies in developed economies, it represents a census of the entire population of the Yangon Stock Exchange (YSX) that meets the data availability criteria. Missing data occurred primarily due to the staggered listing dates of firms; consequently, firms were only included for the years they were publicly traded. As a study of a frontier market, the value of this research lies in analyzing the complete set of available data in a developing financial ecosystem, rather than a random sample from a large population. To ensure statistical validity despite the small sample size, Variance Inflation Factor (VIF) tests were conducted (all VIF < 5.5) to confirm that multicollinearity does not distort the regression results.

2. Data Analysis

To examine the relationship between board characteristics and effective tax rates, this study employs several statistical techniques. First, descriptive statistics, including the mean, standard deviation, minimum, and maximum, are used to summarize the variables' characteristics. Second, Pearson correlation coefficients are calculated to analyze the associations among variables. Panel data regression analysis is employed. Specifically, the Pooled OLS model is adopted to examine the relationship between board characteristics and effective tax rates across firms and years within the sample. Additionally, multicollinearity tests are conducted using the Variance Inflation Factor (VIF) to ensure

that the independent variables are not highly correlated. Finally, the research hypotheses are tested using multiple regression analysis, with the following empirical model.

$$ETRs_{i,t} = \beta_0 + \beta_1 BSIZ_{i,t} + \beta_2 AUCO_{i,t} + \beta_3 BOIN_{i,t} + \beta_4 CEOD_{i,t} + \beta_5 BOME_{i,t} + \beta_6 FSIZ_{i,t} + \beta_7 PROF_{i,t} + \beta_8 LEVR_{i,t} + \varepsilon_{i,t}$$

The variables and their classifications used in the data analysis are presented in the following table.

Table 2: Variable and Measurement

Proxy	Abbre-viation	Measurement	Description
Dependent Variable			
Effective Tax Rates	ETRs	Total Tax Expense/ Pre-tax Income	Ratio of the total tax expense to pre-tax income, measuring tax burden.
Independent Variable			
Board Size	BSIZ	Total number of directors on the company's board	Total number of directors serving on the company's board of directors during the fiscal year.
Audit Committee	AUCO	Total number of audit committee members	Presence or size of the audit committee responsible for financial oversight.
Board Independence	BOIN	Total number of independent directors on the company's board	Presence or proportion of independent directors on the company's board
CEO Duality	CEOD	Dummy variable, equal to 1 if the CEO exhibits duality, and 0 otherwise.	Whether the CEO also serves as the board chairperson
Board Meetings	BOME	Number of board meetings held during the fiscal year	The number of board meetings held in a fiscal year.

Control Variable			
Firm Size	FSIZ	ln (Total Assets)	Size of the company, measured by total assets
Profitability	PROF	Net Income / Total Assets	Company's financial performance, measured by the ratio of net income to total assets
Leverage	LEVR	Total Debt / Total Assets	Ratio of total debt to total assets, indicating financial risk.
-	ε	-	Error Term
-	*i, t*	-	individual, time

Research Results

Descriptive statistical analysis, including the mean, standard deviation, maximum, and minimum values of the variables used in this study, is presented as follows.

Table 3: Descriptive Statistics of Research Variables

Variable	N	Mean	S.D.	Minimum	Maximum
ETRs	54	0.1365	0.1729	-0.3333	0.5147
BSIZ	54	10.4814	2.4705	5	16
AUCO	54	3.9074	1.2479	3	8
BOIN	54	2.1296	0.9721	1	4
CEOD	54	0.1296	0.3390	0	1
BOME	54	7.6848	3.5510	2	16
FSIZ	54	25.8037	1.7172	23.4564	29.3310
PROF	54	0.0004	0.0498	-0.1895	0.1001
LEVR	54	0.5242	0.3639	0.0235	1.5727

Table 3 presents the descriptive statistics for the variables used in this study, based on 54 firm-year observations from the Yangon Stock Exchange. The dependent variable, effective tax rates (ETRs), shows a mean value of 0.1365 and a standard deviation of 0.1729, with minimum and maximum values ranging from -0.3333 to 0.5147. Regarding the dependent variable, the dataset contains observations with negative Effective Tax Rates

(minimum = -0.3333), which typically occur when firms experience pre-tax accounting losses or tax refunds. To maintain the integrity of the full census for the YSX, these observations were retained; however, the potential impact of these outliers on estimation stability is addressed through the use of robust standard errors. These results indicate substantial variation in tax planning strategies and tax-burden distributions among the sampled firms. With respect to the independent variables, board size (BSIZ) and audit committee size (AUCO) exhibit mean values of 10.4814 and 3.9074, respectively. The wide range in board size (5 to 16) reflects the diverse organizational structures within the YSX. Board independence (BOIN) shows a mean of 2.1296, suggesting that most boards include at least two independent directors, while board meetings (BOME) display a mean of 7.6848, indicating a relatively high level of board diligence and monitoring activity. CEO duality (CEOD), which takes values of 0 and 1, has a mean value of 0.1296. This indicates that approximately 12.96% of the firm-year observations feature a leadership structure where the CEO also serves as the Chairman of the board. In addition, the control variables reveal further characteristics of the sample. Firm size (FSIZ) shows a consistent mean of 25.8037, while profitability (PROF) exhibits a mean value near zero (0.0004), indicating that many listed firms operated near break-even levels during the study period. Meanwhile, leverage (LEVR) displays relatively high variability, with values ranging from 0.0235 to 1.5727, reflecting significant heterogeneity in the financial structures and debt-reliance of the sampled firms.

Table 4: Correlation Analysis and Variance Inflation Factor (VIF) Results

Variables	ETRs	BSIZ	AUCO	BOIN	CEOD	BOME	FSIZ	PROF	LEVR	VIF
ETRs	1.0000									
BSIZ	-0.1099 0.4287	1.0000								1.93
AUCO	0.0345 0.8042	-0.0954 0.4925	1.0000							1.32
BOIN	-0.2449 0.0743	0.2956* 0.0300	0.0412 0.7675	1.0000						4.99
CEOD	0.0475 0.7329	-0.0309 0.8246	-0.1495 0.2807	0.2915* 0.0325	1.0000					1.96
BOME	0.0434 0.7553	0.4606* 0.0005	-0.1821 0.1876	0.1282 0.3554	0.2737* 0.0452	1.0000				1.87

Varia-bles	ETRs	BSIZ	AUCO	BOIN	CEOD	BOME	FSIZ	PROF	LEVR	VIF
FSIZ	0.1906 0.1673	-0.1429 0.3027	-0.1497 0.2801	-0.7537* 0.0000	-0.5108* 0.0001	-0.3118* 0.0217	1.0000			4.40
PROF	0.4704* 0.0003	0.3643* 0.0068	0.0758 0.5857	0.0755 0.5876	0.1336 0.3354	0.1036 0.4561	0.0453 0.7451	1.0000		1.36
LEVR	0.3503* 0.0094	-0.2582 0.0595	0.0497 0.7214	-0.8579* 0.0000	-0.4567* 0.0005	-0.1160 0.4036	0.7612* 0.0000	-0.0182 0.8958	1.0000	5.48

Note: * indicates statistical significance at the 0.05 level.

Table 4 presents the results of the Pearson correlation analysis among the variables, along with the variance inflation factor (VIF) values to test potential multicollinearity. Regarding the dependent variable, Effective Tax Rates (ETRs), the results show a statistically significant positive correlation with profitability (PROF, r = 0.4704, p < 0.05) and leverage (LEVR, r = 0.3503, p < 0.05). This suggests that firms with higher profit margins and greater debt levels tend to have higher effective tax rates within the YSX's firms. The correlation coefficients among the independent variables range from –0.8579 to 0.7612, which remains within an acceptable range and below the commonly cited threshold of 0.80 (Stevens, 2009). Board independence (BOIN) exhibits a negative correlation with ETRs (r = -0.2449), though this relationship is not statistically significant at the 0.05 level (p = 0.0743). Other board characteristics, including board size (BSIZ), audit committee (AUCO), CEO duality (CEOD), and board meetings (BOME), do not show significant bivariate correlations with ETRs, indicating that their influence may be better captured through multivariate analysis. Among the independent and control variables, several significant associations are observed. For instance, board size (BSIZ) is positively correlated with board meetings (BOME, r = 0.4606, p < 0.05) and profitability (PROF, r = 0.3643, p < 0.05). Additionally, firm size (FSIZ) and leverage (LEVR) show a strong positive correlation (r = 0.7612, p < 0.05), suggesting that larger firms on the YSX rely more heavily on debt financing. To ensure the reliability of the regression model, multicollinearity was assessed using the Variance Inflation Factor (VIF). As shown in the final column of Table 4, the VIF values for all variables range from a minimum of 1.32 (AUCO) to a maximum of 5.48 (LEVR). Since all VIF values remain well below the commonly accepted threshold of 10 (Hair et al., 2010), it can be concluded that multicollinearity does not pose a serious

threat to the validity of the research findings, allowing for the inclusion of all variables in the regression analysis. Although all VIF values remain below the threshold of 10, the pairwise correlation between Board Independence (BOIN) and Leverage (LEVR) is relatively high at -0.8579. This suggests that while multicollinearity does not pose a severe threat based on VIF criteria, the overlap between these variables could affect the stability of individual coefficient estimates. Consequently, results involving these specific variables are interpreted with caution.

Table 5: Results of Multiple Regression Analysis

Variables	β	Std. Err.	t	P-value	Statistically significant relationship
Constant	0.5174	0.6919	0.75	0.458	
BSIZ	-0.2695	0.0108	-1.73	0.090*	Yes
AUCO	-0.0642	0.0178	-0.50	0.620	No
BOIN	0.1449	0.0444	0.58	0.565	No
CEOD	0.0786	0.0799	0.50	0.618	No
BOME	0.0785	0.0074	0.51	0.610	No
FSIZ	-0.1469	0.0236	-0.63	0.535	No
PROF	0.5609	0.4537	4.29	0.000***	Yes
LEVR	0.5753	0.1244	2.20	0.033**	Yes
N= 54, F statistic = 4.36, P = 0.000***, R^2 = 0.4364, Adj R^2 = 0.3362					

Note: *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

Table 5 presents the results of the multiple regression analysis conducted to examine the relationship between board characteristics and effective tax rates (ETRs). The model is statistically significant ($F = 4.36$, $p < 0.01$), with an adjusted R^2 of 0.3362. This indicates that the independent and control variables together explain approximately 33.62% of the variation in ETRs among YSX-listed companies.

Regarding the independent variables, board size (BSIZ) exhibits a marginally significant negative relationship with ETRs ($\beta = -0.2695$, $t = -1.73$, $p < 0.10$). While this may suggest that board structure is linked to tax outcomes, the evidence is not strong enough for a causal interpretation; thus, this finding should be interpreted with caution. In terms

of economic significance, Profitability (PROF) and Leverage (LEVR) show not only statistical significance but also substantial impacts, with coefficients of 0.5609 and 0.5753, respectively. This implies that financial performance and capital structure are the primary economic drivers of tax obligations for firms listed on the YSX, overshadowing other board characteristics. However, other board characteristics, including audit committee (AUCO), board independence (BOIN), CEO duality (CEOD), and board meetings (BOME), do not show statistically significant relationships with ETRs. These results suggest that while these characteristics are mandated by current regulations, their direct impact on corporate tax outcomes remains limited in the YSX's early developmental stage. In contrast, the control variables demonstrate strong explanatory power. Profitability (PROF) shows a highly significant positive relationship with ETRs (β= 0.5609, t = 4.29, p < 0.01), indicating that more profitable firms on the YSX tend to pay higher effective tax rates. Similarly, leverage (LEVR) displays a significant positive association with ETRs (β= 0.5753, t = 2.20, p < 0.05). This positive coefficient for leverage suggests that highly indebted firms in the sample do not necessarily benefit from significant tax shields, or may be subject to stricter tax monitoring by creditors and authorities.

Research Discussion

The empirical results of this study provide a comprehensive overview of the relationship between board characteristics and effective tax rates (ETRs) within the Yangon Stock Exchange (YSX) from 2016 to 2024. The analysis reveals that among the primary independent variables, board size (BSIZ) exhibits a marginally significant negative association with ETRs. While this may suggest that board structure is linked to tax outcomes in the Myanmar context, the evidence does not allow for a causal interpretation; therefore, the finding that larger boards are associated with lower ETRs should be interpreted with caution, especially as this study does not include direct measures of directors' tax-planning expertise. In contrast, other board characteristics, including audit committee, board independence, CEO duality, and board meetings, showed no statistically significant influence on corporate tax outcomes. From the perspective of Agency Theory, these results may be consistent with the presence of Type II agency concerns in concentrated ownership settings typical of the Myanmar market, although additional ownership-based measures would be required to

substantiate this interpretation fully. In such a developing environment, governance committees may function largely in a symbolic capacity to meet regulatory mandates rather than exercising substantive oversight over the strategic tax decisions of majority shareholders. Furthermore, in terms of economic significance, the strong positive coefficients of profitability and leverage suggest that firm-level financial performance and debt structures are currently the primary economic drivers of tax obligations on the YSX, substantially overshadowing the influence of formal board-level monitoring.

Research Suggestions

1. Research Recommendations

The findings indicate that firms should emphasize substantive governance practices rather than formal structural compliance. Although board size is statistically associated with lower ETRs, the marginal level of significance warrants a cautious interpretation; increasing board size should not be viewed as a guaranteed mechanism for enhancing tax-planning capacity. Firms are therefore encouraged to strengthen the roles, competencies, and active participation of independent directors to improve oversight and decision-making effectiveness.

2. Recommendations for Future Research

Due to the limited sample size (n=54) and the specific institutional constraints of the Yangon Stock Exchange during its infancy, future research should aim to expand the dataset as more firms list on the exchange to improve empirical robustness. Given the limited significance of quantitative governance proxies, qualitative approaches such as interviews with board members may provide deeper insights into internal governance mechanisms. Longitudinal and cross-country comparative studies within ASEAN frontier markets are also recommended to examine the evolution and generalizability of the governance–compliance gap.

3. Policy Implications

The findings suggest that regulators, including the Securities and Exchange Commission of Myanmar (SECM), may consider complementing formal governance requirements with initiatives aimed at enhancing practical effectiveness. Regulatory frameworks should prioritize the qualifications, independence, and functional authority of

independent directors, while promoting governance practices that improve transparency and mitigate risks arising from concentrated ownership structures.

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