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Does the CEO's Ego Matter Narcissism's Moderating Effect on Profitability, Distress, Ownership, and Tax Avoidance

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Abstract
Purpose: This study examines how profitability, financial distress, and institutional ownership affect corporate tax avoidance among Indonesian manufacturing firms and tests whether CEO narcissism moderates these relationships rather than directly and uniformly driving tax avoidance.
Research Methodology: This quantitative study applied purposive sampling to analyze 426 firm-year observations from 142 IDX-listed manufacturing firms (2022–2024), measuring tax avoidance, profitability, distress, ownership, and narcissism using the Effective Tax Rate, Return on Assets, debt-to-equity ratio, institutional shareholding, and Photographic Prominence Index. Moderated Regression Analysis used EViews 13 with a Random Effect Model
Results: Profitability significantly restricts tax avoidance, whereas financial distress and institutional ownership show no significant direct effects. CEO narcissism significantly strengthens the profitability-avoidance relationship but does not moderate distress or ownership pathways.
Conclusions: CEO narcissism acts as a selective moderating mechanism, activating only under favorable financial conditions rather than universally.
Limitations: This study is limited to Indonesian manufacturers from 2022 to 2024, relying on secondary corporate data.
Contributions: This study enriches the behavioral accounting and corporate governance literature and helps tax authorities and boards assess executive leadership governance and tax risks. By introducing selective moderation, this study shows that CEO Narcissism amplifies tax avoidance only under specific financial conditions rather than functioning as a uniform driver, a distinction that constitutes the study's core theoretical novelty.

Keywords: *Behavioral Accounting, CEO Narcissism, Corporate Tax Avoidance, Profitability, Upper Echelons Theory*

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1. Introduction

Corporate tax avoidance sits at the center of a running conflict; firms chase after-tax profits, governments chase revenue, and both sides claim legitimacy. Behavioral accounting scholars argue that executives, not spreadsheets, write strategies, and executive psychology shapes what a firm reports as taxable income. This psychology is called Chief Executive Officer (CEO) narcissism: an inflated sense of ability, a hunger for recognition, and an appetite for risk that ordinary managers avoid (Araújo, Góis, Luca, & Lima, 2021; García-Meca, Ramón-Llorens, & Martínez-Ferrero, 2021). This trait is conceptually distinct from CEO hubris, which centers on inflated confidence in a single high-stakes decision, such as an acquisition, and overconfidence, a cognitive bias that overestimates the odds of success. In contrast, narcissism is a stable personality disposition oriented around self-enhancement and admiration-seeking that colors how a CEO frames every corporate decision, not just an isolated bet.

This sits alongside a parallel international literature that ties tax avoidance to corporate social responsibility, Environmental, Social, and Governance (ESG) performance, and political connections rather than executive psychology, though the direction splits by setting: Menicacci and Simoni (2024); Rakia, Kachouri, and Jarboui (2024) and Rudyanto (2025) find Corporate Social Responsibility (CSR) commitments, Global Reporting Initiative (GRI)-based tax disclosure, and negative ESG media coverage all dampen tax avoidance, while Abid and Dammak (2022) find the reverse: French firms with high CSR scores engage in more aggressive avoidance. Political ties complicate the picture further: Anindita, Irawan, Firmansyah, Wijaya, Qadri, and Sumantri (2022) and Rashid, Begum, Hossain, and Said (2024) find political connections raise tax avoidance and weaken CSR's restraining effect, and Dang and Nguyen (2022) find audit committee size raises avoidance even as committee expertise constrains it. Jemiolo and Farnsel (2023) synthesize this split literature into both a substitutive and a complementary reading, and Elgharbawy and Aladwey (2025) add that board diversity lowers avoidance while stronger governance scores raise it, evidence that governance quality does not push tax behavior in one direction. This study treats CEO narcissism as a behavioral variable that changes how firms convert financial and governance conditions into tax outcomes, not as a footnote attached to conventional determinants of corporate behavior.

Indonesia provides real stakes for this question. The Ministry of Finance reported a tax-to-Gross Domestic Product (GDP) ratio trailing regional peers such as Vietnam and the Philippines, and named tax compliance as a national priority (Kementrian, 2023). Digital transformation adds a new structural factor to this picture. Xie and Huang (2023) and Zhang and She (2024) find that digital transformation significantly inhibits corporate tax avoidance in China by strengthening internal controls, an effect trace partly to how digital technology reshapes environmentally driven corporate behavior more broadly (Ao et al., 2023). Zhang, Husnain, Yang, Ullah, Abbas, and Zhang (2022) find that business strategy shapes tax avoidance in Pakistan and that gender diversity eases the relationship, while Saragih and Ali (2024) find no such effect from eXtensible Business Reporting Language (XBRL adoption among Indonesian firms, suggesting that digital-reporting mandates alone do not move avoidance without the underlying control improvements identified in the other studies.

Upper Echelons Theory currently fails to explain these varying outcomes because it treats narcissism as a direct, context-free trigger (Araújo et al., 2021; García-Meca et al., 2021; Karina, Prawati, Utami, & Gunawan, 2024). This framing assumes that narcissism operates at the same strength in every firm, whether that firm posts record profits or fights off creditors. No study has tested whether narcissism strengthens the profitability-avoidance link when a firm already has strong earnings or whether financial distress and institutional monitoring shut narcissism down regardless of how large a CEO's ego is. This gap matters because it caps what Upper Echelons Theory can explain; a theory that predicts uniform effects cannot account for findings that split down the middle study after study, nor can it tell a board when to worry about a narcissistic hire and when to shrug it off (Buchholz, Jaeschke, Lopatta, & Maas, 2018).

This study introduces selective moderation to close this gap, suggesting that CEO narcissism is not a universal driver of tax avoidance, but rather a switch that activates under specific conditions and remains dormant under others. A narcissistic CEO running a profitable firm has room to chase aggressive tax strategies that protect earnings and burnish their reputation; a narcissistic CEO running a distressed firm or one under heavy institutional oversight has far less room to act on their ego.

2. Literature Review and Hypotheses Development

2.1 Grand Theory Framework

This study builds on two grand theories: Agency Theory and Upper Echelons Theory. Agency theory explains why the conflict between the firm and the tax authority arises from the information gap between managers and principals, while upper echelons theory explains how the executive's own psychological makeup shapes which side of that conflict management resolves in practice, linking the incentive structure agency theory creates to the individual psychology that decides how a CEO acts on it. Jensen and Meckling (1979) frame the firms contract between principal and agent, with a sharehothe the the the the the the the lder or tax authority as principal and the corporate management as agent. Management knows more about the firm's true financial position than the principal does, and this gap allows managers to pursue private benefits over the principal's long-term goals. A manager who spots the firm's real tax exposure before the board can steer earnings and tax positions that the board never votes on (Jensen & Meckling, 1979).

A manager who foresees the firm's real tax exposure before the board can steer reported earnings and tax positions in directions the board never gets to vote on. Hambrick and Mason (1984) locate corporate strategy in the people who run the firm, not the balance sheet: executives carry their own cognitive limits, values, and personality traits into every decision, and those traits surface in the outcomes a firm posts. Two CEOs facing identical numbers and the same board can choose opposite tax strategies, a split trace to mindset rather than mathematics. Agency Theory explains why conflicts between firms and the state exist, and Upper Echelons Theory explains how they are resolved (Hambrick & Mason, 1984). Tax avoidance generally boosts firm value, while tax risk reduces it (Basson, & Van, 2025; Firmansyah, Arham, Qadri, Wibowo, Irawan, & Kustiani, 2022; (Khelil & Khlif, 2023)). However, because outcomes fluctuate depending on the measurement proxy used, Firmansyah et al. (2022) argues that tax avoidance remains a contested moral issue, rather than a settled empirical fact.

Each variable in the model corresponds to one of these theories. Under Agency Theory, tax avoidance is an agent's calculated move to protect cash flow against the government's revenue goal (Jensen & Meckling, 1979). Profitability sets the tax base that a firm has an incentive to protect. Financial distress squeezes liquidity and pushes managers toward any cash-generating move, including tax avoidance, since external financing during distress carries steep rates and strict covenants. Institutional ownership counters both pressures: institutional investors monitor management and use board access and voting power to demand conservative reporting practices. Hambrick and Mason (1984) frame narcissism as an inflated self-image, chronic overconfidence, and a hunger for praise. A CEO without that trait banks a profitable year and reports it; a narcissistic CEO turns the same profit into raw material for a grander leadership narrative, often through tax strategies that inflate the bottom line for which he claims credit. This study treats narcissism as a filter on that baseline: it amplifies the push of distress and the creation of profitability or blunts the pull that institutional ownership exerts because the grandiosity that drives a CEO to chase praise also drives him to resist outside control. Testing narcissism as a moderator explains why prior studies diverged: they measured the agency relationship and missed the psychological filter sitting on top of it.

2.2 Hypotheses Development

2.2.1 Profitability and Corporate Tax Avoidance

Agency Theory frames profitability as a measure of how well an agent turns corporate assets into pre-tax income (Jensen & Meckling, 1979). As income grows, so does the tax bill, sharpening the conflict between management and tax authorities: managers at profitable firms have an incentive to pursue tax planning that lowers the effective rate and the resources to act on it, affording consultants and multi-entity structures that cash-strapped firms cannot reach. However, strong margins also draw heavier regulatory and public scrutiny, which can push risk-averse managers toward compliance to avoid costly audits or reputational hits. Return on assets serves as the standard proxy in the literature because it ties operational performance to the pre-tax income base, allowing researchers to compare profitability effects across firm sizes and capital structures.

The empirical evidence on profitability and tax avoidance is divided. Some find return on assets drives tax planning to protect earnings (Raga, Andayani, Pertiwi, Julaeha, & Harjo, 2023; Belahouaoui, 2025; Sumartono, & Puspasari, 2021). While others argue that higher scrutiny offsets this incentive (Fitriyani, & Waluyo, 2022; Hidayati, & Zuhroh, 2023). According to Sidauruk and Putri (2022), this split often stems from methodological and contextual differences, observed both in Indonesia and globally (Anindita, Irawan, Firmansyah, Wijaya, Qadri, & Sumantri, 2022; Hossain, Ali, Islam, Ling, & Fung, 2024; Khelil, & Khlif, 2023). This study adopts the cash-protection view of agency theory, which states that profitable firms have the incentives and resources for tax planning that outweigh regulatory scrutiny (Sumartono and Puspasari, 2021; Wahyudi, & Mei, 2026). This suits IDX manufacturing firms, which actively utilize transfer pricing and related party channels (Mukhtaruddin, Tanujaya, & Kalsum, 2025). The 2022–2024 post-pandemic recovery provides the ideal return on assets volatility to robustly test this within-firm mechanism (Marlinah & Itsnani, 2026). Based on this reasoning, this study proposes the following hypothesis:

H_1: Profitability significantly affects corporate tax avoidance

2.2.2 Financial Distress and Corporate Tax Avoidance

Agency Theory and cost-benefit reasoning frame financial distress as a state that strips away a firm's normal financing options (Jensen & Meckling, 1979). A distressed firm carries heavy debt obligations, thin liquidity, and a credit profile that pushes lenders toward higher rates or refusal, leaving management with a narrow set of tools for raising cash. Tax avoidance is among the cheapest of these because it generates cash without adding debt or fresh equity (Kalbuana, Taqi, Uzliawati, & Ramdhani, 2023). A manager under distress weighs the cash a tax position frees up today against the audit risk it carries tomorrow (Dang & Tran, 2021). Agency Theory predicts that survival pressure tips this calculation toward avoidance, since a firm that cannot make the next quarter's debt payment has little use for a tax strategy that plays it safe over five years. Cost-benefit reasoning adds a second layer: distressed firms already face elevated bankruptcy risk, so the reputational cost of an aggressive tax position appears smaller against the risk already carried. A healthy firm has a reputation worth protecting, whereas a firm fighting off creditors has less to lose.

Empirical research on financial distress and tax avoidance is divided: some studies find that distress drives firms to hoard cash by lowering their effective tax rates (Ariff, Kamarudin, & Mohd, 2023; Khan, & Nawaz, 2023). While others observe a pullback from avoidance by Kalbuana et al. (2023) and Khamisan and Christina (2020), often because tax loss carryforwards already neutralize liabilities or heightened scrutiny offsets the benefits (Astika & Asalam, 2022). This divergence largely depends on whether the distress proxy captures cash-hoarding or carryforward effects (Dang & Tran, 2021).This study aligns with the cash preservation view, as debt-heavy IDX manufacturing firms rarely carry the multi-year losses needed to neutralize avoidance incentives (Khamisan & Christina, 2020)). Furthermore, tight pandemic-era credit markets increased the payoff for using tax lines for internal financing (Dang and Tran, 2021; Khan and Nawaz, 2023). By using the debt-to-equity ratio as a distress proxy, a methodological anchor in prior Indonesian research Kalbuana et al. (2023), this study argues that high leverage signals severe creditor pressure, turning aggressive tax positions into a necessary survival tool (Zhou, Shao, Xie, & Huang, 2023). Based on this reasoning, this study proposes the following hypothesis:

H_2: Financial distress positively affects corporate tax avoidance

2.2.3 Institutional Ownership and Corporate Tax Avoidance

Agency Theory frames institutional ownership as a counterweight to managerial opportunism (Jensen & Meckling, 1979). Pension funds, mutual funds, insurers, and investment banks hold large equity blocks, staff dedicated analysts, and sit close enough to management to see decisions that a retail shareholder never gets to review (Giannopoulos et al., 2025). This access allows institutional investors to demand transparent reporting and push back on strategies that trade long-run firm value for short-run cash (Chen & Li, 2025). Tax avoidance falls into this category, as an aggressive position that triggers an audit, penalty, or stock-price drop destroys the long-run value these investors hold their stake to protect (Chen & Li, 2025; Giannopoulos et al., 2025). A pension fund managing retirement money for thousands of beneficiaries has little appetite for a CEO who trades a few points off the effective tax rate today for a multi-year legal dispute tomorrow. Agency Theory predicts that as institutional ownership grows, management loses the room to pursue tax positions that serve short-term optics over long-term stability because more votes sit with investors who prize stability. This works through formal channels, board seats, voting rights, and informal channels, such as the ongoing dialogue between management and large shareholders.

The empirical evidence on institutional ownership and tax avoidance is mixed. While some studies show that institutional investors actively monitor and curb aggressive tax practices (Chen & Li, 2025; Hidayati & Zuhroh, 2023; Khan & Nawaz, 2023), a restraining effect also observed globally in France Dakhli (2022) and Jordan (Qawqzeh, 2026), others find no significant relationship across various Indonesian sectors (Malau & Puspitasari, 2026; Muhaimin, 2025; Sulfia & Rusmanto, 2024). This divergence often occurs because passive blockholders in emerging markets fail to exercise effective disciplinary oversight (Arsalan et al., 2025). Yulistia et al. (2020) state that despite these concentration concerns, this study measures institutional ownership via outstanding shares and anticipates that the active monitoring channel will dominate. Because institutional investors in IDX manufacturing firms hold substantial long-term stakes and often secure board representation, they possess the direct influence necessary to effectively constrain tax avoidance, aligning with findings from similar markets (Chen & Li, 2025; Mukhtaruddin et al., 2025). Based on this reasoning, this study proposes:

> *H_3:* Institutional ownership negatively affects corporate tax avoidance

2.2.4 The Moderating Effect of CEO Narcissism on the Profitability–Tax Avoidance Relationship

Upper Echelons Theory explains why profitability should not affect every firm's tax behavior similarly (Hambrick & Mason, 1984). A narcissistic CEO has an inflated self-image, a taste for admiration, and reads ordinary outcomes as personal validation (Dadaneh, Haghighat, Rezazadeh, & Shourabsofla, 2025; García-Meca, Ramón-Llorens, & Martínez-Ferrero, 2021). Most executives report a strong earnings number and move on; a narcissistic CEO reads it as proof of his own superior judgment and looks to extend the story it tells (Olsen & Stekelberg, 2016). Lowering the effective tax rate inflates post-tax income beyond what operations delivered, hands the CEO a bigger number for the board, and reinforces the image of leadership he craves (Capalbo, Frino, Lim, Mollica, & Palumbo, 2018). Profitability also supplies the raw material: a firm with strong cash flow can absorb the setup costs, consultant fees, and audit risk of aggressive tax planning in ways that a struggling firm cannot (García-Meca et al., 2021). Under the Upper Echelons Theory, this turns profitability from a passive condition into an active trigger that narcissistic CEOs exploit for personal gain (Karina, Prawati, Utami, & Gunawan, 2024). A non-narcissistic executive treats a strong year as a fact to report, while a narcissistic one treats it as a platform to build on, and tax avoidance offers a clean way to build higher without touching operations (Capalbo et al., 2018; García-Meca et al., 2021).

Empirical work on executive psychology supports this amplification mechanism. Narcissistic CEOs lean harder toward tax sheltering and discretionary accounting when firm resources give them slack to absorb audit risk, which is exactly the condition that profitability creates. Capalbo et al. (2018)and García-Meca et al. (2021) find that arcissistic CEOs at Brazilian firms pursue more aggressive avoidance because overconfidence and risk tolerance push them toward strategies a cautious executive would decline and narcissistic executives approach tax decisions with confidence that outpaces the underlying risk. Araújo, Góis, Luca, and Lima (2021) report that narcissistic CEOs at Brazilian firms pursue more aggressive avoidance because their overconfidence and risk tolerance push them toward strategies a cautious executive would decline. Basson and Van (2025) add that narcissistic executives approach tax decisions with confidence that outpaces the underlying risk. Fitriyani and Waluyo (2022) find profitability alone shows no significant direct link to avoidance, and earnings management fails to moderate it, a null result that strengthens rather than weakens the case for testing narcissism as the missing conditional variable (Dadaneh et al., 2025).

Grounded in Upper Echelons Theory, this framing suggests that profitability merely supplies resources, whereas narcissism provides the psychological motive to take tax risks that cautious executives avoid. Therefore, the profitability–tax avoidance relationship is expected to strengthen as CEO narcissism rises, warning corporate boards that the combination of strong earnings and an ego-driven executive significantly elevates the tax risk. Based on this reasoning, this study proposes the following hypothesis:

H_4: CEO narcissism moderates the effect of profitability on corporate tax avoidance

2.2.5 The Moderating Effect of CEO Narcissism on the Financial Distress–Tax Avoidance Relationship

Financial distress threatens a narcissistic CEO in a way that it does not threaten an ordinary executive (Kalbuana, Taqi, Uzliawati, & Ramdhani, 2023). A rational manager falls back on standard tools: renegotiating debt, cutting costs, and leaning on tax loss carryforwards already baked into a bad year. Upper Echelons Theory predicts a different response from a narcissistic CEO, since decline attacks the self-image that this trait depends on (Dadaneh, Haghighat, Rezazadeh, & Shourabsofla, 2025; Hambrick, & Mason, 1984). A CEO who builds his identity around superior performance experiences a losing year not just as a business problem but as a threat to the story he tells the board, investors, and himself (Kalbuana et al., 2023). According to Araújo, Góis, Luca, and Lima (2021), that threat pushes narcissistic executives toward overconfidence and risk-seeking at the moment a rational actor would pull back, since retreating into caution reads as an admission of failure, because retreating into caution reads, to him, as an admission of failure he cannot tolerate. Aggressive tax avoidance papers over that failure, generating cash the firm can point to and buying time for a turnaround narrative. Distress is an identity problem as much as a financing problem, and tax avoidance offers a cheap fix for both (Chatterjee & Pollock, 2017).

Behavioral finance research on executive personality during crises supports this explanation. Narcissistic CEOs display a marked desire for glory and override professional risk warnings during distress, a pattern that is distinct from their behavior under normal conditions (Dadaneh et al., 2025; García-Meca, Ramón-Llorens, & Martínez-Ferrero, 2021). These studies describe distress as an amplifier, not a suppressor, of narcissistic risk-taking: the worse the numbers look, the harder a narcissistic CEO pushes to hide that fact through whatever cash-generating levers remain, tax avoidance being chief among them (Dadaneh et al., 2025). This contradicts the rational cash-preservation story Agency Theory tells about distress alone, since it locates the driver of aggressive tax planning in ego protection rather than a calm assessment of financing costs (Dang & Tran, 2021). Both mechanisms point toward the same behavior, higher avoidance under distress, but Upper Echelons Theory predicts that it intensifies when a narcissistic personality sits at the top. Kalbuana et al. (2023) find no significant direct effect of distress on avoidance in an Indonesian sample that also measures narcissism, leaving open the question this study tests: whether that null result hides a real effect once the sample is split by narcissism level.

This study expects financial distress to push tax avoidance harder among narcissistic CEOs than their non-narcissistic peers, since the stakes of a bad year are higher for an executive whose self-worth rides on public performance (Chatterjee and Pollock, 2017; Dadaneh et al., 2025). A narcissistic CEO facing distress has more to protect than cash flow; he has a reputation built around never facing a year like this, giving him reason to reach further into aggressive tax planning than a manager who treats a bad year as a normal cycle (Dang & Tran, 2021). Kalbuana et al. (2023) show that a firm led by a low-narcissism CEO facing the same pressure should give a more measured tax response, closer to the cash-preservation behavior Agency Theory predicts alone, while a high-narcissism CEO should push further past that baseline. A board reviewing a distressed firm's tax filings should read the CEO's psychological profile as a risk factor, not as a detail separate from the balance sheet. Based on this reasoning, this study proposes the following hypothesis:

H_5: CEO narcissism moderates the effect of financial distress on corporate tax avoidance

2.2.6 The Moderating Effect of CEO Narcissism on the Institutional Ownership–Tax Avoidance Relationship

Agency Theory and Upper Echelons Theory pull in opposite directions, and this tension gives the hypothesis its shape. Agency Theory casts institutional investors as watchdogs who demand transparency and restrain opportunistic behavior (Arsalan K et al., 2025; Jensen & Meckling, 1979). Upper Echelons Theory casts a narcissistic CEO as an executive who treats outside oversight as an insult to his authority rather than as a legitimate check (Hambrick & Mason, 1984). An ordinary executive treats board questions or investor pushback as routine governance; a narcissistic CEO treats them as a challenge to their competence and responds by asserting control, whether by overriding the audit committee directly or steering board conversations away from tax scrutiny (García-Meca et al., 2021). This response can take a direct form, overriding the audit committee, or an indirect form, steering board conversations away from tax scrutiny altogether (Dadaneh et al., 2025). Either way, institutional shareholders on the cap table do not restrain a narcissistic CEO the way they would a less self-assured executive, because the mechanism that makes monitoring work, deference to outside judgment, runs against the trait Upper Echelons Theory attributes to narcissism (Hambrick & Mason, 1984; Kalbuana et al., 2023)

Empirical governance research supports this resistance pattern. Executive narcissism and hubris weaken the restrictive effect that internal and external monitoring would otherwise have on tax policy (Ahmad Muhlis, Mira, & Masrullah, 2024; Dadaneh et al., 2025; Pandapotan, Oktavianthie, & Setiany, 2024). Institutional pressure loses its force once a narcissistic CEO sits at the top, as narcissistic executives resist the deference that makes monitoring work. García-Meca et al. (2021) find a related pattern with a different mechanism: a strong audit committee weakens the link between narcissism and tax avoidance, suggesting that governance structures can constrain narcissistic behavior when they carry direct authority, a bar that diffuse institutional ownership seldom clears. An audit committee reviews specific transactions and can block a filing before it goes out; an institutional shareholder votes at an annual meeting and seldom touches day-to-day tax decisions, giving a narcissistic CEO far more room to maneuver around institutional pressure than around a governance body embedded in the firm's own reporting process (Dadaneh et al., 2025).

This study expects institutional ownership to lose much of its restraining power once CEO narcissism enters the picture, since resistance to outside authority cuts against the mechanism that Agency Theory relies on for monitoring to work (Kalbuana et al., 2023). A firm with high institutional ownership and a low-narcissism CEO should show the clean negative relationship H3 predicts; the same ownership structure under a highly narcissistic CEO should show that the relationship weakens, as the CEO absorbs or deflects the pressure investors would otherwise apply (Dadaneh et al., 2025). Regulators drafting governance rules around institutional ownership thresholds should treat that signal with more caution once a firm's leadership shows clear narcissistic traits, since the ownership number alone may promise restraint that the CEO does not deliver. Based on this reasoning, this study proposes the following hypothesis:

H_6: CEO narcissism moderates the effect of institutional ownership on corporate tax avoidance

3. Research Methodology

3.1 Research Design and Sample Selection

This study uses a quantitative, explanatory research design based on panel data analysis (longitudinal design) drawn from secondary financial disclosures. Panel data integrate cross-sectional observations across firms with time-series observations across reporting periods, which increases the degrees of freedom, improves estimation efficiency, reduces collinearity among explanatory variables, and controls for unobserved firm-level heterogeneity.

The target population comprised all manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2022 to 2024. Manufacturing was chosen for its major contribution to Indonesia's GDP and structural exposure to tax planning and transfer pricing scrutiny. To build a representative, unbiased sample, a non-probability purposive sampling technique was applied based on five operational criteria:

1. Manufacturing companies are continuously listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 observation window.
2. Manufacturing companies that published complete, audited annual reports and financial statements denominated in Indonesian Rupiah (IDR) for the fiscal years ending December 31, sequentially from 2022 to 2024.
3. Manufacturing companies that reported positive pre-tax and post-tax accounting profits across all three observation years are considered loss-making entities that generate economically uninterpretable or negative Effective Tax Rates (ETR) that distort tax avoidance measurements.
4. Manufacturing companies with complete data disclosures regarding CEO annual report photographs, institutional ownership structures, financial distress indicators and tax expenses.
5. Manufacturing companies exhibit Effective Tax Rate (ETR) values strictly bounded between 0 and 1 ($0 \leq ETR \leq 1$) to eliminate extreme accounting outliers and non-standard tax adjustments.

Based on these screening procedures, a final sample of 142 manufacturing companies satisfied all the criteria. Observed over 2022–2024, this yields a balanced panel of 426 firm-year observations, as shown in Table 1. Excluding loss-making firms narrows the sample to profitable and near-profitable companies, introducing a survival bias risk. The results describe how CEO narcissism moderates tax avoidance among firms with the financial headroom to act on it and should not be generalized to distressed or loss-making manufacturers, where the boundary conditions of narcissism may differ.

Table 1. Step-by-step purposive sampling selection protocol

No.	Sampling Selection Filter / Criteria	Excluded	Remaining
1	Target manufacturing companies listed on the IDX during 2022–2024	—	228
2	Companies delisted or newly listed during 2022–2024 (inconsistent listing)	(16)	212
3	Companies presenting financial statements in foreign currencies (non-IDR)	(21)	191
4	Companies incurring operating losses in any year during 2022–2024	(38)	153
5	Companies with incomplete disclosures (missing CEO photo, ownership, or distress data)	(7)	146
6	Companies with extreme ETR values	(4)	142
	Total Final Sample (Firms)		142
	Total Balanced Panel Observations	142 Firm	426

3.2 Operational Definition and Measurement of Variables

3.2.1 Dependent Variable: Tax Avoidance (Y)

Tax avoidance is defined as the legal minimization of corporate tax liabilities by exploiting statutory gray areas, tax incentives, and legislative loopholes. It is measured using the GAAP Effective Tax Rate (ETR) proxy, which reflects the firm's total tax burden relative to its pre-tax accounting income and is calculated as follows in Formula 1.

$$ETR_{it} = \frac{Total\ Tax\ Expense_{it}}{Pre\text{-}Tax\ Income_{it}} \tag{1}$$

ETR serves as an inverse proxy for tax avoidance, a lower ETR value indicates a higher intensity of corporate tax avoidance, whereas a higher ETR value reflects greater tax compliance.

3.2.2 Independent Variable 1: Profitability (X1)

Profitability measures a corporation's efficiency in generating net earnings from its total asset base, operationalized using the Return on Assets (ROA) ratio, which evaluates managerial performance in converting asset investments into net profits, calculated as shown in Formula 2

$$ROA_{it} = \frac{Net\ Income\ After\ Tax_{it}}{Total\ Assets_{it}} \tag{2}$$

Where Net Income After Tax *represents net bottom-line earnings, and Total Assets* is the book value of total assets for firm *i* in year *t*.

3.2.3 Independent Variable 2: Financial Distress (X2)

Financial distress represents severe liquidity tightness, cash flow deficits, and elevated debt coverage pressure, measured following the benchmark study by (Kalbuana et al., 2023).

$$FcD_{it} = \frac{Total\ Liabilities_{it}}{Total\ Equity_{it}} \tag{3}$$

The Formula 3 explain that Total Liabilities *represents total short-term and long-term corporate obligations, and Total Equity* denotes total shareholder equity for firm *i* in year *t* A higher ratio reflects greater debt reliance and elevated financial distress pressures.

3.2.4 Independent Variable 3: Institutional Ownership (X3)

Institutional ownership reflects the share of corporate equity held by institutional entities, such as banks, insurers, investment and pension funds, and asset management firms, which function as external governance mechanisms. It is calculated as the ratio of institutional shareholdings to total outstanding shares. It is shown in Formula 4.

$$INOWN_{it} = \frac{Number\ of\ Shares\ Owned\ by\ Institutions_{it}}{Total\ Outstanding\ Shares_{it}} \tag{4}$$

3.2.5 Moderating Variable: CEO Narcissism (M)

CEO narcissism represents a psychological trait marked by grandiosity, inflated self-esteem, extreme overconfidence, authority orientation, and a drive for social adulation, operationalized using the Photographic Prominence Index of the CEO in the annual report. Because report content is under executives' personal control, highly narcissistic CEOs tend to mandate larger, more prominent photographs to accentuate their leadership. This proxy follows an established stream of upper-echelons research that treats photograph prominence as an observable signal of a CEO self-image and desire for visibility (García-Meca et al., 2021; Olsen & Stekelberg, 2016). Because the measure captures a behavioral trace of narcissism rather than the psychological construct itself, it omits facets such as fragile self-esteem and entitlement, which clinical scales such as the NPI capture. The independent coder validation reported below partly offsets this limitation. CEO narcissism is scored on an ordinal scale from 1 to 5 based on five criteria.

The CEO photograph disclosure is measured using a five-point scoring scale based on the presence, composition, and visual prominence of the CEO photograph in the annual report. A score of 1 is assigned when no photograph of the CEO is displayed in the annual report. A score of 2 is given when the CEO photograph appears together with one or more executive board members. A score of 3 indicates that a photograph of the CEO is displayed individually and occupies less than half a page. A score of 4 is assigned when the CEO is presented alone, occupying half a page or more, with the remaining space containing textual information. A score of 5 represents the highest level of visual prominence, where the CEO photograph is displayed alone on a full page of the annual report.

3.3 Data Collection Method

This study uses secondary documentary data drawn from published, audited annual reports and financial statements of listed manufacturing firms retrieved from the Indonesia Stock Exchange website (www.idx.co.id) and cross-verified against corporate investor relations portals. The dataset captures financial, ownership, and executive disclosure information for the fiscal years 2022–2024. Data integrity was ensured through three validation procedures. First, all financial statements used in this study were audited by registered Public Accounting Firms (*Kantor Akuntan Publik/KAP*) and received unqualified audit opinions (*Wajar Tanpa Pengecualian*). Second, the financial statements complied with Indonesian Financial Accounting Standards (*Standar Akuntansi Keuangan/SAK*) issued by the Institute of Indonesia Chartered Accountants (IAI). Third, the CEO narcissism measurement based on photographic prominence scores was independently evaluated and cross-coded by two accounting researchers to minimize subjective visual bias, achieving an inter-coder reliability coefficient above 95%.

3.4 Data Analysis Method

Quantitative panel data analysis, econometric diagnostic testing, panel model selection, and Moderated Regression Analysis (MRA) were performed using **EViews version 13** statistical software. The analytical procedures follow a strict, sequential, five-stage econometric framework.

3.4.1 Descriptive Statistical Analysis

The descriptive statistics summarize the dataset across all 426 firm-year observations, covering the mean, median, maximum, minimum, and standard deviation for the dependent variable (ETR), independent variables (ROA, FcD, and IOWN), and moderating variable (NARC).

3.4.2 Classical Assumption and Econometric Diagnostic Tests

To ensure that the model yields Best Linear Unbiased Estimators (BLUE), diagnostic procedures were conducted. The Jarque-Bera test evaluated normality; residuals deviated from perfect normality, but the asymptotic assumption holds under the Central Limit Theorem, given the large sample (N = 426). Multicollinearity was ruled out as Pearson coefficients remained below the 0.80 threshold. The Glejser test assessed heteroscedasticity; any detected variance inconsistencies were corrected by reestimating the final model using White cross-section robust standard errors.

3.4.3 Panel Data Model Selection Protocol

Model selection tests were used to identify the appropriate panel estimator. The Fixed Effects Model (FEM) was infeasible (“near singular matrix”) due to perfect collinearity caused by the time-invariant CEO Narcissism variable. Therefore, the Breusch-Pagan LM test was employed, rejecting the Common Effect Model (CEM) in favor of the Random Effect Model (REM) as the final estimator.

3.4.4 Moderated Regression Analysis (MRA) and Model Specifications

To test the direct H_1, H_2, H_3 and moderating interaction H_4, H_5, H_6, multiple panel linear regression equations are specified using Moderated Regression Analysis (MRA) in EViews. Mean-centering was applied to continuous explanatory variables prior to creating interaction terms to eliminate structural multicollinearity.

Model 1: Direct Effects Baseline (Formula 5)

$$\begin{aligned} ETR_{it} = \alpha_0 + \beta_1 ROA_{it} \\ + \beta_2 FC_{it} + \beta_3 IOWN_{it} \end{aligned} \tag{5}$$

Model 2: Full Moderated Regression Analysis (Formula 6)

$$\begin{aligned} ETR_{it} = \alpha_0 + \beta_1 ROA_{it} + \beta_2 FC_{it} + \beta_3 IOWN_{it} + \beta_4 NARC_{it} \\ + \beta_5 (ROA_{it} \times NARC_{it}) + \beta_6 (FC_{it} \times NARC_{it}) + \beta_7 (IOWN_{it} \times NARC_{it}) + \varepsilon_{it} \end{aligned} \tag{6}$$

3.4.5 Hypothesis Testing and Statistical Inference

If the p-value of the t-statistic is less than 0.05 ($p < 0.05$), the null hypothesis (H0) is rejected and the proposed hypothesis is accepted." "An F-statistic probability of $p < 0.05$ confirms overall model goodness-of-fit." "Measures the overall explanatory power of the panel regression model, representing the percentage of total variance in Effective Tax Rate (ETR) explained by the combined independent and moderating interaction variables

4. Results and Discussions

Table 2. Descriptive statistics

Variables	Mean	Median	Maximum	Minimum	Std. Dev.
Tax Avoidance (ETR)	0.238610	0.222833	0.942923	0.010423	0.096727
Financial Distress (DER)	0.687886	0.498378	6.465892	0.069006	0.745446
Institutional Ownership	0.541495	0.617631	0.991599	0.000000	0.325181
Profitability (ROA)	0.103404	0.064824	10.022640	-2.820500	0.486067
CEO Narcissism	4.457746	5.000000	5.000000	1.000000	0.932725

As shown in Table 2, the sample spans 426 firm-year observations drawn from 142 manufacturing firms on the Indonesia Stock Exchange from 2022 to 2024. Tax Avoidance, measured through ETR, averages 0.238610, so sample firms paid income tax equal to about 23.86 percent of pre-tax income, ranging from 0.010423 to 0.942923 with a standard deviation of 0.096727. Financial Distress averages 0.687886, peaks at 6.465892, with a standard deviation of 0.745446, pointing to wide swings in the capital structure. Institutional Ownership averages 0.541495, or approximately 54.15 percent of outstanding shares. Profitability averages 0.103404 but ranges from -2.820500 to 10.022640, capturing firms recovering from pandemic losses at different speeds. CEO Narcissism averages 4.457746 with a median of 5.000000, showing that most sample firms gave their CEO a prominent solo photograph in the annual report.

Table 3. Summary of diagnostic tests and panel model selection

Test	Result	Decision
Jarque–Bera Normality Test	Prob. = 0.0000	Non-normal residuals; acceptable under CLT (N = 426)
Correlation Matrix	Highest correlation = −0.092	No multicollinearity
Glejser Heteroskedasticity Test	Prob. (FD) = 0.0000	Corrected using White cross-section robust standard errors
Fixed Effect Model	Near singular matrix	Not applicable
Breusch–Pagan LM Test	Prob. = 0.0000	Random Effect Model selected
Final Estimation Model	Panel EGLS (Random Effects)	White cross-section robust

Table 3 reports the three diagnostic checks before estimating the regression. The Jarque-Bera test rejects normality (Prob. = 0.0000), but the sample size (N = 426) satisfies the Central Limit Theorem;

therefore, we treat the estimates as valid. The correlation matrix shows the highest coefficient of -0.092 among the explanatory variables, ruling out multicollinearity. The Glejser test detects heteroskedasticity in Financial Distress (Prob. = 0.0000), so we re-estimated the model using White cross-section robust standard errors. We could not compute the fixed-effect model because CEO narcissism holds a constant value within each firm, producing a near-singular matrix. The Breusch-Pagan LM test rejects the Common Effect Model (Prob. = 0.0000) and pointed toward the Random Effect Model, the estimator carried forward.

Table 4. Random effect model regression results

Variables	Coefficient	Std. Error	t-Statistic	Probability	Decision
Constant	0.330763	0.077846	4.248927	0.0000	Significant
Profitability (ROA)	-1.336123	0.396732	-3.367822	0.0008	*H_1* Accepted
Financial Distress (FD)	-0.024384	0.050394	-0.483872	0.6287	*H_2* Rejected
Institutional Ownership (IO)	0.018884	0.094575	0.199672	0.8418	*H_3* Rejected
CEO Narcissism	-0.024135	0.016724	-1.443117	0.1497	—
Profitability × CEO Narcissism	0.269117	0.079417	3.388663	0.0008	*H_4* Accepted
FD × CEO Narcissism	0.009644	0.010923	0.882968	0.3778	*H_5* Rejected
IO × CEO Narcissism	0.001340	0.020491	0.065391	0.9479	*H_6* Rejected

Table 4 reports the full *Random Effect Model* reaches overall significance, with an F-statistic of 3.271713 and Prob (F-statistic) = 0.002142. The model explains a modest share of the variance in tax avoidance, with an R-squared of 0.051943 and an Adjusted R-squared of 0.036067. The Durbin-Watson statistic of 2.370754 rules out serious autocorrelation issues. Among the direct effects, profitability carries a significant negative coefficient (beta = -1.336123, p = 0.0008): firms with stronger returns on assets report higher effective tax rates and avoid less tax, confirming H1. Financial Distress (β = -0.024384, p = 0.6287) and Institutional Ownership (β = 0.018884, p = 0.8418) both fall short of significance; therefore, *H_2* and *H_3* are rejected.

The interaction terms tell a sharper story: CEO Narcissism interacts with Financial Distress (β = 0.009644, p = 0.3778) and Institutional Ownership (β = 0.001340, p = 0.9479) remains far from significant; thus, *H_5* and *H_6* are rejected. CEO Narcissism interacts with profitability: the coefficient reaches 0.269117 with p = 0.0008, well below 0.05, supporting *H_4*. The sign matters: profitability alone pushes ETR up, toward compliance, but a narcissistic CEO reverses that pull, and as narcissism rises, the profitability-avoidance relationship weakens and moves back toward more aggressive tax positions. Among the six hypotheses, narcissism's moderating role in the profitability-avoidance relationship is the only one with empirical support; its role alongside financial distress and institutional ownership finds none. This split is the study's central result: narcissism moderates selectively, and profitability is the one condition under which it does its work.

4.1 Critical Discussions

4.1.1 Profitability and Corporate Tax Avoidance

Profitability suppresses tax avoidance rather than feeding it: firms with higher ROA report higher Effective Tax Rates (β = −1.336123, p = 0.0008), against the assumption that profit growth breeds aggressive planning. Visibility drives this more than integrity; profitable manufacturers draw auditors and analysts who track earnings closely, and managers weigh a tax dispute's reputational cost against the cash saved from a lower ETR. Agency Theory predicts that shareholders want post-tax cash preserved, but scrutiny makes tax controversy costlier than compliance. Upper Echelons Theory adds a second layer: Indonesian manufacturers climbing out of pandemic losses needed to prove their resilience to creditors, and tax compliance became part of that proof.

Fawzi (2024) reports the same negative ROA-avoidance link among Jordanian firms, attributing it to scrutiny that intensifies with profits. Raga, Andayani, Pertiwi, Julaeha, and Harjo (2023) found an identical pattern among Indonesian mining firms. Prawira, Farida, and Sandria (2021) confirm this direction, tying it to reputational risk outweighing tax savings. Studies reporting the opposite sign also exist, based on the premise that financial slack allows profitable firms to shelter income without limits. The split likely traces to enforcement pressure, since Indonesian manufacturing faces tighter transfer-pricing oversight than the comparison sectors.

4.1.2 Financial Distress and Corporate Tax Avoidance
Financial distress has no measurable effect on tax avoidance ($\beta = -0.024384$, $p = 0.6287$), challenging the cash preservation logic in much of the prior literature. A firm carrying heavy leverage answers to creditors who monitor covenant compliance, and an aggressive position that draws an audit threatens its covenant standing. Managers facing distress prioritize survival channels creditors can verify, such as asset sales, cost cuts, and renegotiated debt terms, over a strategy whose payoff depends on avoiding detection. Agency theory frames this as creditors gaining leverage over shareholders during distress, wanting predictable positions rather than those that could trigger penalties mid-crisis.

Kalbuana et al. (2023) report the same null result among Indonesian firms, even after including narcissism and governance controls. and Khamisan & Christina (2020) find no significant link between distress and Cash ETR among Indonesian manufacturers, arguing that operational recovery dominates attention during hardship. These diverge from Dang & Tran (2021) in Vietnam and Khan & Nawaz (2023) in Pakistan, both reporting distress drives avoidance up. The gap likely traces to enforcement intensity, a recovery-period window rather than an acute crisis, and a sample of firms that had already proven a baseline of discipline by surviving the pandemic.

4.1.3 Institutional Ownership and Corporate Tax Avoidance
Institutional ownership showed no significant relationship with tax avoidance ($\beta = 0.018884$, $p = 0.8418$), questioning the extent of monitoring power exercised by institutional blockholders. Agency Theory predicts that institutional investors reduce agency costs by closely watching managers, but tax planning sits in a technical corner of operations that institutional shareholders rarely reach. They track earnings, dividends, and governance structure because these are visible in quarterly disclosures, while ETR computation is buried in footnotes that few blockholders parse. A diversified pension fund optimizes aggregate returns, not the tax micro-decisions inside any single firm.

Khamisan & Christina (2020) report the same null pattern among Indonesian manufacturers, arguing that monitoring targets overall performance rather than specific tax choices, and Sulfia & Rusmanto (2024) reach a matching conclusion, adding that institutional investors in Indonesia pursue heterogeneous objectives that dilute any uniform effect. These findings contradict those of Chen & Li (2025) and Hidayati & Zuhroh (2023), who found that institutional ownership constrains avoidance. The gap likely stems from measurement: studies finding a constraining effect often measure active engagement, board seats, or votes rather than raw ownership percentage, and Indonesian manufacturing concentrates ownership among founding families alongside institutional blocks, capping how much leverage any single shareholder can exert.

4.1.4 CEO Narcissism Moderates the Effect of Profitability on Corporate Tax Avoidance
The CEO narcissism strengthened the profitability-avoidance link ($\beta = 0.269117$, $p = 0.0008$), turning a compliance-oriented baseline into something closer to opportunism once a narcissistic executive was in charge. This carries the paper's central argument: narcissism needs profitability to supply the room to act. Instead of treating profit as a signal to preserve through compliance, a narcissistic CEO treats it as raw material for a performance narrative that protects his image, lowering the ETR without touching operating cash flow to report stronger post-tax earnings. Upper echelons theory predicts that executive psychology filters strategic choices, and this sharpens that prediction: narcissism needs an organizational trigger rather than acting as a constant force.

Araújo, Góis, Luca, and Lima (2021) find a direct positive link between narcissism and avoidance among Brazilian firms, and García-Meca, Ramón-Llorens, and Martínez-Ferrero (2021) report the same direct effect while showing that audit committees partially blunt it by treating narcissism as an unconditional driver. This study's interaction term reframes their finding: narcissism drives avoidance the most when profitability hands the CEO room to act, explaining the inconsistent effects prior single-country studies produce. Fitriyani and Waluyo (2022) found no significant profitability effect in their sample, which this study's moderation logic can now explain as unmeasured narcissism masking the true conditional relationship.

4.1.5 CEO Narcissism Does Not Moderate the Effect of Financial Distress on Corporate Tax Avoidance

Narcissism failed to alter the distress-avoidance relationship ($\beta = 0.009644$, $p = 0.3778$), marking the boundary where executive ego ceased to matter. Distress strips away the discretion that narcissism needs to operate. A CEO managing a firm near a covenant breach answers creditors who demand transparent, defensible reporting, and an aggressive tax position risks triggering the very audit or penalty that could push the firm into default. Even a CEO chasing personal prestige has a reason to avoid a move that could cost him the company. Distress converts the incentive structure from ego protection to survival under creditor oversight, which narrows managerial choices regardless of personality.

Kalbuana et al. (2023) report an identical pattern among Indonesian firms: neither narcissism nor distress alone predicts avoidance, and governance constraints override personality during hardship. Ariff et al. (2023) extend this logic across countries during COVID-19, showing that distressed firms grew more cautious as crisis conditions intensified enforcement risk. This contrasts with Araújo et al. (2021) and García-Meca et al. (2021), who reported that narcissistic CEOs pursue aggressive strategies without testing whether distress changes that pattern, a scope difference, not a contradiction, since those studies measure narcissism's average effect while this study isolates what happens under pressure. This asymmetry against the profitability finding sharpens the paper's central claim: narcissism activates only where slack exists and stays dormant otherwise

4.1.6 CEO Narcissism Moderates the Effect of Institutional Ownership on Corporate Tax Avoidance

Institutional ownership neither amplified nor restrained the narcissism-avoidance link ($\beta = 0.001340$, $p = 0.9479$), extending the pattern from Section 4.2.3: institutional investors do not reach far enough into managerial decision-making to interact with executive personality. A narcissistic CEO answers to a board and shareholders in the abstract, but block holders rarely occupy board seats or exercise voting power enough to check a dominant executive's tax choices. Agency Theory expects institutional ownership to supply a monitoring channel, but that channel requires proximity to the decision, and tax strategy is several layers removed from the quarterly metrics investors track. Therefore, a narcissistic CEO can act on ego in tax planning, whether ownership sits at ten percent or 80 percent of outstanding shares, since the stake carries no direct line into that decision.

Kalbuana et al. (2023) support this reading, finding that governance variables, including ownership structure, fail to reshape the narcissism-avoidance relationship in their sample. Chen & Li (2025) find that institutional ownership constrains avoidance in their sample but measures engagement intensity rather than raw ownership share, a distinction that likely explains the divergence. García-Meca et al. (2021) show that audit committees, not ownership structure, blunt narcissistic tax behavior, pointing toward this study's conclusion: proximity to the executive determines whether a governance mechanism can check personality-driven decisions, and diffuse ownership sits too far from the CEO's desk to do the work.

5. Conclusions

5.1 Conclusion

Profitability lowers tax avoidance among Indonesian manufacturing firms (beta = -1.336, $p = 0.0008$), and financial distress and institutional ownership show no direct effect. CEO narcissism strengthens the profitability-avoidance link (beta = 0.269, $p = 0.0008$) and leaves the distress and ownership relationships unchanged. Resources decide when psychology matters: A narcissistic CEO needs financial slack to act on ego. Selective Moderation names this pattern: narcissism amplifies tax aggression under favorable conditions and sits dormant once distress or diffuse ownership removes discretion. Boards should weigh a CEO's tax risk alongside firm profitability rather than relying on personality alone. Regulators building audit triggers could flag profitable firms with photo-dominant CEOs before distressed ones; distress predicts nothing. This refines the Upper Echelons Theory: the effect of narcissism on tax avoidance depends on profitability's resource slack. The model explains a small share of variance (Adjusted $R^2 = 0.036$); photographic prominence should not serve as a stand-alone practical red flag.

5.2 Research Limitations

Manufacturing firms on the Indonesia Stock Exchange between 2022 and 2024 anchor every result here; therefore, conclusions may not apply to other sectors, exchanges, or years. Secondary annual report data drives the analysis, and the Photographic Prominence Index proxies narcissism through visual behavior rather than direct psychological testing, missing nuance no five-point scale can capture. The model explains a modest share of variance (Adjusted R-squared = 0.036), leaving board effectiveness, compensation, political ties, and macroeconomic shocks to carry explanatory weight this design never tested. Reverse causality remains untested; a tax-aggressive CEO might simply cultivate a more visible annual report presence. Purposive sampling excluded loss-making firms, removing the distressed population where narcissism's boundary condition matters most.

5.3 Suggestions and Directions for Future Research

Researchers should extend this framework across ASEAN manufacturing markets to test whether institutional quality and enforcement intensity change when narcissism is activated. Dynamic panel models, GMM estimation, or structural equation approaches would capture nonlinear narcissism effects that a linear MRA specification cannot. Interviews with executives or content analyses of shareholder letters would ground the photographic proxy in richer behavioral evidence. Future models should fold in CEO overconfidence, board diversity, political connections, and ESG disclosure, each of which is a plausible filter between organizational resources and the tax strategies that a narcissistic executive settles on. A longitudinal design tracking the same CEO's photographic prominence and ETR across a full tenure would also determine whether narcissism drives tax behavior or just rides along beside it.

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Author Contributions

AK, NP, DD, FA, and VH contributed to the conceptualization, study design, data collection, analysis, manuscript drafting, revision, supervision, and final approval of the study. This statement ensures transparency, and all authors assume individual accountability for their work.

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