IJAAF; Vol. 10, No. 4, Autumn 2026, Serial 37

Iranian Journal of
Accounting, Auditing & Finance

Ferdowsi University of Mashhad

Quarterly

RESEARCH ARTICLE

Upper Echelons and Corporate Tax Behavior: The Role of CEO Overconfidence and Financial Education

Juli Ratnawati*, Anis Chariri, Dwi Cahyo Utomo

Department of Accounting, Faculty of Economics and Business, Universitas Diponegoro, Indonesia

How to cite this article:
Ratnawati, J., Chariri, A., & Utomo, D. C. (2026). Upper Echelons and Corporate Tax Behavior: The Role of CEO Overconfidence and Financial Education. Iranian Journal of Accounting, Auditing and Finance, 10(4), 201–217. https://doi.org/10.22067/ijaaf.2026.48583.1666
https://ijaaf.um.ac.ir/article_48583.html

ARTICLE INFO

Article History
Received: 2026-01-26
Accepted: 2026-04-02
Published online: 2026-10-30

Keywords:
Behavioral Taxation, Financial Education, Overconfidence, Tax Avoidance, Upper Echelons Theory

Abstract

This study examined the association between CEO overconfidence and tax avoidance and the moderating effect of financial education in Indonesian manufacturing enterprises. Based on the Upper Echelons Theory and behavioral executive theory, we hypothesized that overconfident CEOs are more likely to underestimate the regulatory risk and participate in more tax avoidance. Financial education should contribute to curbing this trend by strengthening the ability of the executives to recognize financial and tax-related risks. This study extends the behavioral taxation literature by investigating financial education as a moderating mechanism that can assist in reducing the effect of overconfidence on company tax decisions through the cognitive capabilities of the executives. This study used a panel regression analysis with a fixed effects model based on panel data of 520 firm-year observations of manufacturing enterprises listed on the Indonesia Stock Exchange from 2020 to 2024. Tax avoidance was measured by the cash effective tax rate (CETR). The findings showed that CEO overconfidence is positively related to tax evasion, but financial education weakens the positive association between CEO overconfidence and tax avoidance. The results indicated that overconfident CEOs with a financial education background may be less inclined to avoid taxes. This paper adds to the behavioral taxation literature that emphasizes the significance of executive cognition and educational capacity in shaping business tax decisions.

https://doi.org/10.22067/ijaaf.2026.48583.1666

CC BY

NUMBER OF REFERENCES
50

NUMBER OF FIGURES
0

NUMBER OF TABLES
4

Homepage: https://ijaaf.um.ac.ir
E-ISSN: 2717-4131
P-ISSN: 2588-6142

*Corresponding Author: Juli Ratnawati
Email: juliratnawati@students.undip.ac.id
Tel: +62 81325075614
ORCID: 0000-0001-8756-1481

1. Introduction

Recent work in corporate finance has shown that strategic decisions are not only motivated by rational economic concerns. Rather, such decisions are generally driven by the cognitive qualities, psychological proclivities, and behavioral biases of senior managers who have considerable discretion in determining company policies and strategic direction (Xi and Xiao, 2025). A growing stream of behavioral executive research suggests that firms are not just bundles of contracts or economic resources, but reflect senior managers' perception of uncertainty, processing of information, interpretation of risk and exercise of judgment in complex business environments (Liu et al., 2022; Ataullah et al., 2018). In the Upper Echelons Theory, Hambrick and Mason (1984) propose that managerial background traits partially influence organizational results as managers perceive strategic situations through their experiences, cognitive bases, values and personal orientations. In this view, chief executive officers (CEOs) become important actors in determining corporate behavior since strategic decisions are often impacted not just by firm-level fundamentals but also by managerial cognition and executive psychological traits. Recent studies consequently demonstrate that executives' behavioral characteristics substantially affect various corporate outcomes, including investment decisions, sustainability policies, financing strategies, earnings management, and tax aggressiveness (Zunianto et al., 2024; Lee and Kao, 2020; Hsieh et al., 2018). Among the many behavioral traits discussed in executive literature, CEO overconfidence has emerged as one of the most influential cognitive biases affecting managerial decision-making and risky corporate behavior.

Behavioral perspectives of overconfidence define overconfident executives as those who habitually overestimate their managerial abilities, underestimate the risk of negative outcomes, and are overly optimistic about future organizational performance and their capacity to manage unpredictable outcomes (Chatterjee and Hambrick, 2007). Malmendier and Tate (2005) argue that overconfident CEOs tend to overvalue their own assessments compared to external evaluators, making them more likely to participate in aggressive strategic choices and high-risk company operations. The behavioral literature also suggests that overconfidence is not simply a personality trait but a cognitive bias that influences managerial judgment, risk perception, and strategic assessment when faced with uncertainty (Sumunar et al., 2019; Lakhal et al., 2023). This leads to overconfident leaders creating a sense of control over unpredictable company situations, underestimating adverse consequences and overstating the projected advantages of strategic measures (Hsu and Lee, 2025). Previous studies therefore find that overconfident CEOs are more likely to engage in excessive investment, aggressive acquisitions, risky financing policies and discretionary corporate actions as they strongly believe in their ability to generate superior future performance (Brown and Sarma, 2007; Billett and Qian, 2008). Recent behavioral governance research suggests that such executives are more likely to perceive monitoring mechanisms and regulatory constraints as limiting managerial discretion, thus increasing the likelihood of opaque and high-discretion strategic policies (Kim and Na, 2026; Lartey and Danso, 2022).

One important area where managerial discretion and regulatory uncertainty are particularly relevant is corporate taxation. In the context of taxation, tax avoidance represents one of the corporate activities characterized by substantial managerial discretion, regulatory ambiguity, and uncertainty regarding future outcomes, making it highly relevant to behavioral executive research. Tax avoidance can result in significant economic benefits, including lower tax payments, improved after-tax income, and more internal cash flow available for future investment and strategic expansion (Darabi and Zamani, 2017). However, tax evasion tactics also expose enterprises to reputational harm, regulatory scrutiny, litigation risk, and uncertainty about the outcome of future tax enforcement (Hanlon and Heitzman, 2010). Executive cognitive bias is especially essential in molding corporate tax behavior

because tax avoidance includes complicated evaluation of uncertainty, strategic discretion, and risk-return considerations. Hsieh et al. (2018) argue that organizational behavior such as tax avoidance can be viewed as a reflection of top executives' attitudes and preferences, indicating that tax-related decisions are strongly associated with executive cognition and managerial behavioral tendencies. Their findings reveal that firms led by overconfident executives exhibit greater tax avoidance because overconfident managers tend to underestimate regulatory risks while overestimating their capability to manage uncertain tax consequences. Similar evidence is documented by studies showing that managerial overconfidence encourages executives to engage in greater tax avoidance because of excessive confidence in their strategic judgment and their belief that tax savings can support future investment expansion and organizational growth (Lee and Kao, 2020; Astutik and Venusita, 2020). Research on emerging markets suggests that executives' behavioral characteristics become more influential in environments with high managerial discretion and institutional uncertainty, enabling executives to exercise greater flexibility in strategic decision-making (Zunianto et al., 2024). As a result, tax avoidance increasingly appears not merely as a technical taxation issue, but as a risky strategic outcome shaped by managerial cognition and behavioral bias.

Although prior studies generally document a positive relationship between CEO overconfidence and tax avoidance, relatively little attention has been paid to factors that may mitigate the cognitive distortion associated with overconfident executives, particularly managerial educational background. Existing evidence on CEO education also remains inconsistent. Highly educated CEOs are more likely to engage in tax evasion, according to Zunianto et al. (2024), since more intellectual and analytical talent boosts confidence in implementing complex tax methods. Likewise, earlier studies imply that greater levels of education may motivate executives to make riskier strategic decisions in the face of uncertainty (Farag and Mallin, 2018; Beber and Fabbri, 2012).

In contrast, behavioral approaches argue that education can enhance cognitive processing, analytical thinking and risk appraisal so that executives can analyze strategic uncertainty more objectively and identify possible downside risks (Hambrick and Mason, 1984; Wiersema and Bantel, 1992). The mixed results suggest that executive education can act as a direct determinant of tax avoidance, as well as a cognitive competence that mediates the effect of management overconfidence on risky strategic decisions. Financial education is especially pertinent in this behavioral context, as financial knowledge and analytical capabilities may alter executives' processing of financial information, assessment of uncertainty, and appraisal of the regulatory risk of tax avoidance operations.

CEOs with educational backgrounds in accounting, finance, economics or business administration are supposed to have a better understanding of tax regulations, financial reporting consequences and the long-term implications of risky tax behavior (Hambrick and Mason, 1984; Wiersema and Bantel, 1992). Rather than being a governance device or moral restriction, financial education may be a cognitive calibration device that can help mitigate the flawed managerial judgment associated with executive overconfidence. Executives with a financial background may be better able to make objective assessments of the expected tax benefits versus the potential reputational or regulatory costs, leading to less optimism and better strategic risk assessment (Finkelstein and Hambrick, 1996). This perspective is consistent with the behavioral evidence that managerial competence may alter the amount to which cognitive bias influences organizational results (Dyreng et al., 2010). Financial education may not directly reduce tax avoidance, but may condition the way overconfident CEOs perceive uncertainty and convert excess confidence into tax avoidance activities.

Although the literature on CEO overconfidence and corporate tax avoidance is developing, two key gaps exist in the literature. First, most of the previous studies primarily examine the direct effect of executive overconfidence on tax behavior, with relatively little attention paid to the elements that

may reduce or attenuate the influence of management cognitive bias. Second, the literature on executive education has produced conflicting results on its function in corporate decision-making, and nothing is known about whether financial education may affect how overconfident CEOs transfer their behavioral characteristics into tax-related decisions. This work addresses these gaps by presenting financial education as a cognitive calibration mechanism that may reduce the influence of CEO overconfidence on company tax avoidance.

This study contributes to the literature on executive behavioral bias and corporate taxes by investigating the role of financial education as a moderator on the association between CEO overconfidence and tax avoidance in Indonesian listed corporations. Contrary to earlier studies that mostly focus on external governance mechanisms or direct educational impacts, this paper regards financial education as a management cognitive competence for reducing the behavioral bias of executive overconfidence. Drawing on the Upper Echelons Theory and the behavioral theory of overconfidence, we suggest that corporate tax behavior is not merely a reflection of managerial bias, but also a manifestation of managers' ability to handle financial information and assess strategic uncertainty. The Indonesian context is also an important setting, because managerial discretion is relatively crucial in the determination of strategic company decisions, especially in situations marked by institutional complexity and diverse quality of governance. Thus, executive cognitive qualities and behavioral biases are more likely to be influential in determining business decisions, and Indonesia provides an appropriate scenario to examine the predictions of Upper Echelons Theory in corporate tax behavior. This study contributes to the behavioral taxation literature by incorporating executive overconfidence and financial education in a behavioral framework to explain how management skill affects the relationship between executive cognitive bias and company tax decisions.

2. Literature review and hypothesis development

2.1. Theoretical overview

Strategic decisions are a function of how managers perceive and make sense of complicated business situations (Hambrick and Mason, 1984), and so, according to the upper echelon theory, executives' background traits influence organizational outcomes. Thus, corporate strategies can hardly be seen as only objective reactions to external economic situations, because CEOs often use their own experiences, values and cognitive views while making strategic decisions in ambiguity. Hambrick (2007) further suggests that managerial cognition and psychological orientation affect the ways executives receive information and determine the direction of the firm. Thus, firms operating in identical economic environments may show diverse strategic conduct since corporate decisions are impacted by executive interpretation and managerial judgment.

Behavioral research is increasingly highlighting the fact that managerial decisions are typically affected by psychological bias and subjective judgment, especially under conditions of ambiguity and high discretion. One of the most commonly discussed behavioral qualities is overconfidence. Overconfidence is the excessive confidence of executives in their management capabilities and their tendency to underestimate the potential downside risk (Heaton, 2002). Because of their competence and strategic talents, overconfident executives tend to see uncertain occurrences as under their control, which leads to a greater likelihood of risky firm activities. As Roll (1986) explains, executives' overconfidence can lead to distortion in the evaluation of strategies as they tend to overestimate the projected profits and underestimate the potential adverse effects of hazardous corporate undertakings.

The behavioral approach of overconfidence is highly relevant to understanding corporate tax decisions. The regulatory interpretation, the reputational ramifications, and the potential enforcement outcomes of the taxation tactics are very unclear." Corporate policies tend to mirror the style of top

managers and characteristics of executives (Bertrand & Schoar, 2003) implying that organizational behavior may differ based on the cognitive orientation and strategic choices of executives. Similarly, Wiersema and Bantel (1992) contend that management capability and cognitive complexity affect the way executives evaluate strategic options and organizational risk. Economic incentives at the firm level, but also the top executives' perception of uncertainty and strategic judgment in formulating corporate strategy, are thus likely to promote tax evasion.

2.2. CEO overconfidence and tax avoidance

CEO overconfidence is also related to tax avoidance due to the high degree of ambiguity, managerial discretion, and strategic evaluation of prospective financial gains and future regulation linked with tax decisions. Overconfident executives are often too positive about their management competence and tend to believe that uncertain company problems can be controlled by personal expertise and judgment (Heaton, 2002; Roll, 1986). This type of cognitive bias could lead CEOs to see tax dodging not as a risky activity, with exposure to an audit, regulatory attention, or reputational implications, but instead as a strategic opportunity to improve internal cash flow and organizational growth. Malmendier and Tate (2005) further claim that overconfident managers tend to adopt aggressive corporate strategies because they are more inclined to use subjective judgment and overconfidence in their abilities when making strategic judgments under uncertainty.

Prior research also indicates that corporate tax behavior is heavily impacted by executive qualities and managerial attitudes. Dyreng et al. (2010) show that individual CEOs have a visible influence on company tax results, suggesting that tax evasion is not only driven by firm-level incentives, but also by managerial style. Similarly, Kubick and Lockhart (2017) argue that overconfident leaders are more likely to take tax-related risks because they are strongly convinced of their competence to manage unpredictable strategic outcomes. Sutrisno et al. (2022) further document that managerial optimism affects how executives interpret uncertainty and evaluate tax-related decisions. These arguments indicate that overconfident CEOs are more likely to undertake tax avoidance because excessive confidence may distort managerial risk assessment and strengthen executives' willingness to pursue strategies generating potential financial advantages for the firm. Based on this reasoning, this study proposes the following hypothesis:

H1: **CEO overconfidence is positively associated with tax avoidance.**

2.3. Financial education and tax avoidance

Formal academic instruction in accounting, finance, economics, or business administration is known as financial education. The academic background as an executive attribute influences the manager's approach to processing financial information, estimating uncertainty and making strategic corporate decisions. Typically, CEOs with a university degree in accounting, finance, economics or business administration are thought to have superior analytical ability and a better knowledge of tax regulations, financial reporting consequences and risk appraisal. Zhang and Zhu (2024) contend that financial understanding enhances the quality of executives' judgments and their capacity to evaluate uncertain organizational outcomes. Financial education is particularly applicable to tax-related decisions that involve regulatory exposure and reputational ramifications.

However, existing studies on the effect of executive education on dangerous corporate behavior give mixed results. In the study by Zunianto et al. (2024), the higher-educated executives tend to avoid taxes, since stronger intellectual capability raises the confidence of the executives to execute smart tax planning tactics. Similarly, Fang et al. (2020) argue that executive qualities affect the process of strategic corporate decision-making and the interpretation of uncertainty by managers. Kabir et al. (2018) further elucidate that management skill and executive cognition could promote

organizations to pursue riskier strategic activities under uncertain economic situations. In this context, financial education can lead to improvements in the executives' capacity to identify tax-saving opportunities and to apply sophisticated financial solutions.

Different perspectives, however, suggest that financial expertise may also improve executives' ability to evaluate strategic risk more objectively. Financially educated CEOs may become better able to assess the trade-off between tax benefits and potential regulatory or reputational consequences arising from tax planning activities. Berger et al. (2014) explain that executive characteristics and managerial capability influence the assessment of organizational risk and strategic decision-making. These various explanations imply that financial education may not have a direct positive or negative effect on tax evasion, but it can also impact the association between CEO qualities and business tax decisions (Amedu and Dulewicz, 2018).

2.4. The effect of financial education on the relationship between CEO overconfidence and tax avoidance

CEO overconfidence may encourage tax avoidance because overconfident executives tend to interpret strategic decisions through excessive optimism and strong confidence in their personal judgment. Upper Echelons Theory explains that organizational policies often reflect executives' cognitive characteristics, experiences, and psychological tendencies because top managers play a dominant role in interpreting uncertainty and determining corporate strategy (Hambrick and Mason, 1984; Abatecola and Cristofaro, 2020). In taxation decisions, overconfident CEOs may overestimate the benefits generated from tax savings while simultaneously underestimating the possibility of audit risk, regulatory sanctions, reputational consequences, and future financial uncertainty. Hsieh et al. (2018) find that overconfident leaders are more likely to participate in tax avoidance because they require more internal resources to support investment and growth operations. In the same vein, Ilaboya and Aronmwan (2021) contend that the overconfidence of the CEO fosters higher tax avoidance because overconfident executives believe they can control uncertain results and risky strategic initiatives.

Moreover, the behavioral literature reveals that overconfident CEOs tend to have increased risk-taking tendencies and subjective judgment in evaluating uncertain company decisions. Ogundipe et al. (2026) find that overconfident CEOs underestimate downside risk and become more aggressive in adopting aggressive corporate practices under uncertainty. Saesen et al. (2024) further contend that overconfident CEOs are prone to undervalue external restrictions and the bad effects tied to hazardous company actions because they believe they are better equipped to handle strategic uncertainty. When considering taxation, such cognitive bias may result in a higher willingness of managers to engage in tax planning activities because executives regard unpredictable tax consequences as manageable through personal expertise and strategic skill.

Financial education, however, may impact how overconfident CEOs handle financial information and appraise tax-related uncertainties. CEOs with an education in accounting, finance, economics or business administration are often assumed to have better knowledge of the tax rules, the financial reporting implications and risk assessment. Fang et al. (2020) state that the characteristics of the executive background influence the managerial interpretation of uncertainty and the corporate strategic behavior. Salehi and Salami (2020) argue that executives with stronger financial expertise are more capable of assessing complex financial decisions. In this respect, financial education might give CEOs more organized analytical capacity to evaluate the trade-off between the expected tax benefits and any regulatory or reputational consequences of tax schemes.

Therefore, the relationship between financial education and CEO overconfidence becomes crucial, since education may work as a cognitive calibration mechanism rather than a direct determinant of

tax avoidance. In this context, cognitive calibration refers to the ability of financial knowledge and analytical training to counteract over-optimism by allowing a more balanced appraisal of risks, uncertainties and probable outcomes connected with strategic choices. This calibration may be a product of the taxation setting, as financially educated CEOs are better able to comprehend the complexities of tax legislation, recognize potential audit risk, and evaluate the long-term financial and reputational ramifications of aggressive tax techniques. Thus, financial literacy might reduce the tendency of overconfident executives to depend on subjective optimism in tax decision-making. Overconfident CEOs with low financial literacy could rely heavily on optimism and subjective conviction when evaluating tax uncertainty. In contrast, overconfident CEOs with a finance background may be more able to assess the complexity of tax regulation, the probability of being monitored by the regulator and the long-term consequences of tax avoidance in an objective way. This reasoning corresponds to the behavioral view, which suggests that the skill of managers and their cognitive backgrounds could impact the transfer of executive bias onto organizational results (Karavitis et al., 2025; Chen et al., 2023). Thus, financial education may reduce the impact of CEO overconfidence on tax evasion, as financially educated CEOs are likely to analyze tax methods more critically and logically.

Based on these arguments, this study proposes the following hypothesis:

H2: Financial education weakens the positive relationship between CEO overconfidence and tax avoidance.

3. Methodology

3.1. Sample selection and data collection

This research uses a quantitative technique with the manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the period of 2020-2024 as the research population. We chose manufacturing enterprises because they are frequently utilized in studies of tax avoidance due to their generally similar operational characteristics and tax-related actions. The study used a purposive sampling method according to numerous criteria. Firms must be continuously listed during the observation period, publish complete annual reports and audited financial statements, and provide sufficient information regarding CEO profiles and educational backgrounds. Firms with incomplete financial data and firms reporting negative pre-tax income are excluded from the sample because such conditions may distort the measurement of tax avoidance.

The study uses secondary data collected from annual reports and audited financial statements obtained through the IDX official website and firms' official websites. Information regarding CEO characteristics and educational background is manually collected from annual reports, while financial data used to calculate tax avoidance and control variables are obtained from firms' financial statements. After applying the sample selection criteria, this study obtains a final sample of 520 firm-year observations from manufacturing companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

3.2. Variable measurement

This study uses tax avoidance as the dependent variable, CEO overconfidence as the independent variable, and financial education as the moderating variable. The Cash Effective Tax Rate (CETR) is used to measure tax evasion and is the ratio of cash taxes paid to pre-tax income. Low CETR values mean increased tax evasion, as corporations pay less cash taxes compared to their accounting income (Hanlon and Heitzman, 2010; Hsieh et al., 2018). CETR is commonly utilized in previous tax evasion research, although it may also reflect transient tax payment modifications and firm-specific tax

situations throughout the observation period.

The overconfidence of CEOs is measured using the excess investment approach, as done in Sumunar et al. (2019). The excess investment is derived as the residual of a regression of total asset growth on sales growth. The residual value captures investment beyond the expected expansion of the firm. We categorize firms with overconfident CEOs as those with surplus investment value above the industry median value in a given year, and 0 otherwise, following past studies. This technique is popular in previous studies on overconfidence, as overconfident executives tend to overestimate future profits and undertake investment beyond the regular business growth expectations. While excess investment is not a direct measure of the psychological trait of overconfidence, previous literature suggests that overconfident executives tend to overestimate the future returns of projects, underestimate the downside risks and hence make investment decisions beyond the levels justified by firm fundamentals (Sumunar et al., 2019; Hsieh et al., 2018; Malmendier and Tate, 2005; Heaton, 2002). Hence, in the absence of direct psychological measurements, excess investment is often used as an observable proxy of managerial overconfidence.

Financial education is measured based on the CEO's formal educational background. CEOs who hold academic degrees in accounting, finance, economics, or business administration are classified as having financial education and are assigned a value of 1, while CEOs with educational backgrounds outside these disciplines are assigned a value of 0. This classification is used because prior executive studies commonly categorize financial education based on formal educational backgrounds related to accounting, finance, economics, or business administration that provide exposure to financial analysis, corporate decision-making, and taxation-related knowledge (Hambrick and Mason, 1984).

This study also includes several control variables commonly used in tax avoidance research. Firm size (SIZE) is measured using the natural logarithm of total assets, profitability (ROA) is measured by net income divided by total assets, leverage (LEV) is measured by total liabilities divided by total assets, and capital intensity (CAPINT) is measured by fixed assets divided by total assets.

3.3. Data analysis technique

The study employs panel data regression analysis to examine the association between CEO overconfidence and tax avoidance and the moderating influence of financial education. Estimation is done using common-effects, fixed-effects and random-effects models. The Chow and Hausman tests are used for the selection of the regression model for hypothesis testing (Chow, 1960; Hausman, 1978). We choose the fixed-effects model because it controls for the unobserved firm-specific variability that could influence corporate tax behavior across firms. The fixed-effects model can reduce the bias from the unobserved firm-specific characteristics. However, it may not completely address the potential endogeneity problem induced by reverse causality or omitted time-varying elements. To test the moderating effect, this study adds an interaction term of CEO overconfidence and financial education. The regression model can be written as:

$$CETR_{it} = \beta_0 + \beta_1 OC_{it} + \beta_2 FE_{it} + \beta_3 (OC_{it} \times FE_{it}) + \beta_4 SIZE_{it} + \beta_5 ROA_{it} + \beta_6 LEV_{it} + \beta_7 CAPINT_{it} + \varepsilon_{it}$$

where CETR represents tax avoidance, OC denotes CEO overconfidence, FE refers to financial education, OC×FE represents the interaction term between CEO overconfidence and financial education, SIZE is firm size, ROA is profitability, LEV is leverage, CAPINT is capital intensity, and ε is the error term.

Hypotheses are assessed at the 5% significance level. A negative and significant coefficient on the interaction term implies that financial education mitigates the positive association between CEO overconfidence and tax avoidance. Panel data regression software is used for all statistical analyzes.

4. Results

Descriptive statistics for the study variables are presented in Table 1. The mean CETR is 0.247. This means that, on average, the sample firms paid cash taxes equal to around 24.7 percent of pre-tax income. The mean value for CEO overconfidence is 0.342, which implies that 34.2% of firm-year observations are identified as having overconfident CEOs. Financial education has a mean of 0.418, indicating that 41.8% of CEOs have an educational background in a finance-related subject.

Table 1. Descriptive statistics

Variable	Mean	Median	Minimum	Maximum	Std. Dev.
CETR	0.247	0.238	0.012	0.879	0.137
CEO Overconfidence	0.342	0.000	0.000	1.000	0.475
Financial Education	0.418	0.000	0.000	1.000	0.494
SIZE	28.614	28.497	25.182	33.021	1.642
ROA	0.071	0.052	0.001	0.421	0.074
LEV	0.412	0.389	0.041	0.934	0.213
CAPINT	0.356	0.331	0.018	0.872	0.204

Table 2 presents the Pearson correlation matrix among the research variables.

Table 2. Correlation Matrix

Variable	CETR	OC	FE	SIZE	ROA	LEV	CAPINT
CETR	1.000						
OC	-0.186**	1.000					
FE	-0.071	0.142**	1.000				
SIZE	-0.154**	0.117*	0.203**	1.000			
ROA	-0.128**	0.084	0.096*	0.221**	1.000		
LEV	-0.173**	0.063	-0.041	0.287**	-0.112*	1.000	
CAPINT	-0.097*	0.058	0.034	0.179**	0.061	0.146**	1.000

*p < 0.05, ** p < 0.01.

The correlation matrix in Table 2 shows relatively low correlations among the explanatory variables. The highest correlation, 0.287, is between firm size and leverage and is well below commonly accepted thresholds. Multicollinearity is therefore unlikely to pose a serious problem for the regression model.

Table 3 reports the results of the Chow and Hausman tests. The Chow test compares the Common Effect Model (CEM) with the Fixed Effect Model (FEM), whereas the Hausman test compares the Fixed Effect Model with the Random Effect Model (REM). On the basis of these tests, the Fixed Effect Model was selected as the most appropriate specification.

Table 3. Panel model selection tests

Test	Chi-Square / F-Statistic	Prob.	Decision
Chow Test	8.742	0.000	Fixed Effect Model
Hausman Test	14.386	0.026	Fixed Effect Model

As shown in Table 4, the regression model is statistically significant with an F-statistic p-value < 0.05. The modified R2 of 0.287 shows that CEO overconfidence, financial education, their interaction and the control variables explain around 28.7% of the variation in tax avoidance. The results in Table 4 reveal that the regression model is statistically significant at the F-statistic p-value of less than 0.05. The corrected R-squared value is 0.287, indicating that CEO overconfidence, financial education, the interaction of both, and the control variables account for about 28.7 percent of the variation in tax avoidance. The correlation for CEO overconfidence is negative and statistically significant at -0.037

($p < 0.01$), implying that firms with overconfident CEOs are likely to have lower Cash Effective Tax Rates relative to pre-tax income. The conclusion is consistent with H1 since lower CETR values are indicative of more tax avoidance. The negative coefficient indicates that overconfident CEOs are more likely to employ tax techniques that lower cash tax payments compared to non-overconfident CEOs.

Table 4. Regression results

Variables	Coefficient	t-Statistic	Prob.
C	0.412	5.284	0.000
OC	-0.037	-2.741	0.006
FE	0.012	1.214	0.225
OC × FE	0.028	2.103	0.036
SIZE	-0.009	-2.468	0.014
ROA	-0.118	-3.012	0.003
LEV	-0.064	-2.357	0.019
CAPINT	-0.031	-1.984	0.048
Model Statistics	Value		
Adjusted R^2	0.287		
F-Statistic	18.462		
Prob (F-Statistic)	0.000		
Observations	520		
Estimation Model	Fixed Effect Model		

The interaction of CEO overconfidence with financial education is beneficial and statistically significant, with a coefficient of 0.028 ($p < 0.05$). It implies that financial education mitigates the detrimental relationship between CEO overconfidence and CETR. This implies that the tendency of overconfident CEOs to engage in tax avoidance is attenuated for those with finance-related educational backgrounds. Thus, H2 is supported.

The estimated coefficients illustrate the moderating effect. Among CEOs without financial education, predicted CETR declines from 0.412 to 0.375 as CEO overconfidence changes from 0 to 1. Among CEOs with financial education, the corresponding decline is smaller, from 0.424 to 0.415. These estimates provide further support for the conclusion that financial education attenuates the tendency of overconfident CEOs to engage in greater tax avoidance.

All the control variables company size (SIZE), profitability (ROA), leverage (LEV) and capital intensity (CAPINT) are negative and statistically significant ($p < 0.05$). These results suggest that enterprises with more economic resources and financial flexibility are more likely to engage in higher tax avoidance, which is an indication of higher tax-planning ability and access to more sophisticated financial solutions to lower cash tax payments.

5. Discussion

5.1. CEO overconfidence and tax avoidance

This is consistent with the behavioral perspective of Upper Echelons Theory, which holds that organizational outcomes reflect managerial characteristics, because executives' interpretations of strategic situations are shaped by their cognitive bases, values, and personal orientations (Hambrick and Mason, 1984). Regarding a corporate tax strategy, overconfident CEOs tend to overestimate their managerial capacity while underestimating the downside risk (Malmendier and Tate, 2005). Consequently, tax avoidance strategies are viewed by overconfident CEOs as manageable corporate actions relative to risky decisions, which are obscured by regulatory uncertainty and reputational exposure (Heaton, 2002). Executive cognitive bias is especially pertinent in influencing corporate tax

behavior because of the high level of uncertainty associated with future enforcement results and legal interpretations involved in tax avoidance (Hanlon and Heitzman, 2010). The significant negative association between CEO overconfidence and CETR thus suggests that overconfident CEOs are more likely to take tactics to lower company cash tax payments.

This finding is consistent with previous empirical research in different institutional settings. Overconfident executives tend to underestimate regulatory risks and overestimate their ability to manage uncertain tax repercussions, resulting in more tax avoidance in enterprises managed by overconfident executives, as documented in Hsieh et al. (2018) and Aliani et al. (2016). Lee and Kao (2020) also find that Taiwanese overconfident managers are more likely to undertake higher tax avoidance because of overconfidence in their strategic judgment. In the context of Indonesia, Zunianto et al. (2024) and Sutrisno and Pirzada (2020) show that managerial overconfidence has a significant impact on the tax behavior of businesses, especially in industrial companies where managers have relatively wide strategic discretion. This study confirms previous results and extends the evidence to a more current sample period.

The Indonesian context also gives a key explanation for these findings. In comparison to the developed economies where institutional monitoring is stronger and the enforcement of governance is more stringent, managerial discretion is still relatively influential in determining strategic corporate policies in the Indonesian listed firms (Sutrisno et al., 2022; Astutik and Venusita, 2020). In these settings, the behavioral qualities of executives may be more important to shape organizational outcomes while the external monitoring methods are less intensive. Therefore, the impact of CEO overconfidence on tax avoidance is more pronounced when executives have significant discretion over firm financial decisions.

From a practical standpoint, these findings indicate that boards of directors and audit committees should be more attentive to the behavioral traits of CEOs when analyzing corporate tax strategy. Overconfidence cannot be noticed immediately in financial statements, but its impacts may be shown in tax avoidance and dangerous financial behaviors. Thus, tax avoidance operations may expose firms with overconfident CEOs to higher levels of regulatory scrutiny and to reputational harm. Therefore, enhancing internal monitoring procedures and governance control around tax decisions may be a crucial step toward minimizing behavioral risk originating from excessive managerial optimism.

5.2. The effect of financial education on the relationship between CEO overconfidence and tax avoidance

The moderating effect of financial education is documented in this study, indicating that overconfident CEOs with a background in finance are less likely to convert their overconfidence into larger tax evasion than their overconfident colleagues without such educational experience. This study implies that financial education does not always remove overconfidence as a behavioral aspect but rather affects the way overconfident executives absorb financial information and assess tax-related uncertainty (Lubis, 2021; Su et al., 2025). CEOs with accounting, finance, economics or business administration credentials seem to be more diligent in their review of tax decisions, even if they are overly optimistic in other strategic areas. The finding implies that financial education is a mechanism of cognitive calibration, not a direct determinant of tax avoidance, which is consistent with the notion that managerial capability might moderate the effect of cognitive bias on organizational outcomes (Dyreng et al., 2010; Finkelstein and Hambrick, 1996).

Educational background is important in the Upper Echelons perspective because the cognitive bases of executives are formed by not only personal characteristics but also formal knowledge and professional understanding from educational experience (Hambrick and Mason, 1984; Wiersema and Bantel, 1992). CEOs who have a financial education are more likely to know about accounting

standards, tax rules, what financial reporting means and how to think about risk in a strategic way. This can lead CEOs to think more deeply about tax planning decisions, rather than only relying on subjective confidence and managerial intuition (Souguir et al., 2023). The decision-making process for corporate taxes is often associated with ambiguous legal interpretation and long-term regulatory ramifications, making analytical capability particularly significant in assessing whether corporations should use tax planning methods (Beer et al., 2020). In order to influence how overconfident executives translate their optimism into organizational decisions, financial education appears to serve mostly as a moderating mechanism rather than an independent determinant of tax avoidance.

A behavioral explanation may also help explain why financial education reduces the effect of overconfidence on tax avoidance. Overconfident managers tend to have an inflated faith in their own judgment and often underestimate the potential downside risk when evaluating unclear strategic outcomes (Heaton, 2002; Roll, 1986). Malmendier and Tate (2005) argue that overconfident executives tend to rely on subjective evaluation, as they are certain of their abilities to control unpredictable situations. However, financial education can improve CEOs' ability to absorb financial information and foresee the possible consequences of dangerous tax tactics (Zhang and Zhu, 2024). Better awareness of the complexities of taxation, audit exposure and financial transparency may decrease the inclination of overconfident CEOs to view tax planning operations as a low-risk strategic opportunity. The result indicates that financial education can be a cognitive discipline that reduces dysfunctional managerial judgment due to overly optimistic views (Chatterjee and Hambrick, 2007; Sumunar et al., 2019).

The same notion is supported by several earlier studies that educational background affects managerial conduct in uncertain settings. Zunianto et al. (2024) suggest that education influences managerial aptitude and affects the way executives assess strategic opportunities and organizational risk. Their analysis finds that CEO education may boost tax avoidance since educated executives are endowed with better analytical capacity and more confidence in adopting sophisticated organizational tactics. Likewise, Farag and Mallin (2018) argue that higher educational attainment may prompt executives to take riskier strategic decisions in uncertain conditions. Beber and Fabbri (2012) find similar data on the characteristics of executives and risk-taking behavior. However, the present study suggests that the role of financial education changes when it interacts with overconfidence. Financial education does not necessarily reduce aggressive managerial tendencies, but it may promote executives to be more mindful of regulatory uncertainties and the potential long-term ramifications connected with tax avoidance (Hambrick and Mason, 1984; Wiersema and Bantel, 1992). This could increase the ability of executives with finance-related educational backgrounds to trade off the predicted benefits of lower tax payments with the reputational and regulatory consequences of tax dodging.

The moderating impact shown in this study further implies that management competency plays a key role in determining whether the behavioral bias finally converts into aggressive business behavior. Hsieh et al. (2018) argue that overconfident CEOs are more likely to seek more financial resources from inside the firm to fund investment expansion and growth of the organization, therefore providing incentives to lower the amount of taxes paid by the corporation. Financial education seems to curb such tendencies, since CEOs who have financial education may be more conscious of taxation risk, financial reporting quality and strategic sustainability. Therefore, corporate tax behavior reflects not just the optimism and behavioral bias of executives but also the ability of managers to evaluate uncertainty through more formalized financial thinking (Karavitis et al., 2025). The evidence from this study consequently contributes to the burgeoning behavioral taxation literature by providing evidence that executive educational traits can attenuate the extent to which CEO overconfidence promotes enterprises to undertake tax avoidance.

The results are consistent with the theoretical reasons established in this work but should be considered to be evidence of statistically significant connections rather than causal linkages. However, the fixed effect model cannot fully exclude potential reverse causality and omitted variables, while controlling for unobserved firm-specific heterogeneity. Thus, the findings revealed should be understood as empirical associations congruent with the predictions from Upper Echelons Theory and the behavioral perspective of executive decision-making.

6. Conclusion

This study aimed to evaluate the effect of CEO overconfidence on tax evasion and the moderating effect of financial education on the link between CEO overconfidence and tax avoidance of manufacturing companies listed on the Indonesia Stock Exchange for the period 2020 to 2024. CEO overconfidence was related to higher levels of tax avoidance, indicating that executive behavioral qualities matter for business tax decisions. This favorable association was weakened by financial education, showing that a finance-related educational background may lessen the propensity of overconfident CEOs to pursue aggressive tax methods.

This research extended the application of Upper Echelons Theory to business tax avoidance in an emerging economy and contributes to the literature on behavioral taxes. The findings implied that the tax behavior of corporations depends not only on economic incentives but also on the cognitive traits of executives and management capacity. Financial education appeared to minimize the impact of behavioral bias on strategic organizational decisions.

The findings had ramifications for shareholders, boards of directors and regulators. Studying behavioral features and educational background of CEOs could enhance governance oversight and assist firms in evaluating the tax-related risk of managerial decision-making.

7. Limitations

The present study has various limitations that should be noted when evaluating the results. First, the excess investment approach is used to measure CEO overconfidence, which may also capture firm-level investment conditions during the pandemic and post-pandemic period rather than purely the underlying psychological attribute of overconfidence. Secondly, the main proxy for tax evasion in this study is the Cash Effective Tax Rate (CETR). Previous research on tax avoidance has commonly used CETR; however, a single proxy may not fully convey the multifaceted character of corporate tax evasion. The findings reported here are thus to be understood within the measurement choices made in this study and future work may investigate whether comparable findings emerge using alternative measures of tax evasion. Second, the study does not include a number of governance- and ownership-related characteristics that might also affect corporate tax behavior. The degree of CEO financial education is generally constant across time, and hence may be difficult to estimate using a strong fixed-effects specification. Although the Fixed Effects Model was selected based on the Chow and Hausman test results and is appropriate for the present data, future studies may also explore alternative panel-data approaches when examining time-invariant executive characteristics. Furthermore, this study does not clearly control for year-specific impacts that could be driven by macroeconomic conditions, regulatory changes or other period-specific factors. Future studies may include year fixed effects to better account for such temporal impacts. Finally, as is typical for most observational panel research, the Fixed Effects Model considerably lowers bias from unobserved company-specific heterogeneity, but some worries of endogeneity may still persist because of reverse causality or omitted time-varying factors. Therefore, the provided results should be considered as statistically significant associations in line with the theoretical predictions of Upper

Echelons Theory and the behavioral perspective of executive decision-making, rather than as proof of causal linkages. Future work with stronger identification methodologies might shed more light on the causal mechanisms behind the observed connections.

8. Implications for future research

The report suggests numerous avenues for future investigation. Future studies should explore other tax avoidance proxies, such as GAAP ETR, Book-Tax Differences, or Long-Run ETR measures to further test the robustness of the association between CEO overconfidence and business tax behavior. Second, future studies may explore other measures of managerial overconfidence and financial expertise to provide more holistic evidence of CEO qualities and business tax decisions. Finally, stronger identification tactics such as dynamic panel models, instrumental variable approaches or other methods that can help resolve endogeneity concerns may shed further light on the causal mechanisms at work in the observed connections.

Acknowledgment

The authors used AI-assisted language tools solely for grammar checking, language refinement, and improving readability. All interpretations, analyses, and conclusions presented in this study remain entirely the responsibility of the authors.

References

1. Abatecola, G. and Cristofaro, M. (2020). Hambrick and Mason's "Upper Echelons Theory": evolution and open avenues. *Journal of Management History*, 26(1), pp. 116-136. https://doi.org/10.1108/JMH-02-2018-0016
2. Aliani, K., Mhamid, I. and Rossi, M. (2016). Does CEO overconfidence influence tax planning? Evidence from Tunisian context. *International Journal of Managerial and Financial Accounting*, 8(3-4), pp. 197-208. https://doi.org/10.1504/IJMFA.2016.10002741
3. Amedu, S. and Dulewicz, V. (2018). The relationship between CEO personal power, CEO competencies, and company performance. *Journal of General Management*, 43(4), pp. 188-198. https://doi.org/10.1177/0306307018762699
4. Astutik, D. and Venusita, L. (2020). The influence of CEO's demographic characteristics on tax aggressiveness in family firm. *Jurnal Akuntansi Dan Keuangan*, 22(1), pp. 1-9. https://doi.org/10.9744/jak.22.1.1-9
5. Ataullah, A., Vivian, A. and Xu, B. (2018). Optimistic disclosure tone and conservative debt policy. *Abacus*, 54(4), pp. 445-484. https://doi.org/10.1111/abac.12140
6. Beber, A. and Fabbri, D. (2012). Who times the foreign exchange market? Corporate speculation and CEO characteristics. *Journal of Corporate Finance*, 18(5), pp. 1065–1087. https://doi.org/10.1016/j.jcorpfin.2012.07.004
7. Beer, S., De Mooij, R. and Liu, L. (2020). International corporate tax avoidance: A review of the channels, magnitudes, and blind spots. *Journal of Economic Surveys*, 34(3), pp. 660-688. https://doi.org/10.1111/joes.12305
8. Berger, A. N., Kick, T. and Schaeck, K. (2014). Executive board composition and bank risk taking. *Journal of Corporate Finance*, 28, pp. 48-65. https://doi.org/10.1016/j.jcorpfin.2013.11.006
9. Bertrand, M. and Schoar, A. (2003). Managing with style: The effect of managers on firm policies. *The Quarterly Journal of Economics*, 118(4), pp. 1169-1208. https://doi.org/10.1162/003355303322552775
10. Billett, M. T. and Qian, Y. (2008). Are overconfident CEOs born or made? Evidence of self-

attribution bias from frequent acquirers. *Management Science,* 54(6), pp. 1037-1051. https://doi.org/10.1287/mnsc.1070.0830
11. Brown, R. and Sarma, N. (2007). CEO overconfidence, CEO dominance and corporate acquisitions. *Journal of Economics and Business*, 59(5), pp. 358-379. https://doi.org/10.1016/j.jeconbus.2007.04.002
12. Chatterjee, A. and Hambrick, D. C. (2007). It's all about me: Narcissistic chief executive officers and their effects on company strategy and performance. *Administrative Science Quarterly*, 52(3), pp. 351-386. https://doi.org/10.2189/asqu.52.3.351
13. Chen, Y., Ofosu, E., Veeraraghavan, M. and Zolotoy, L. (2023). Does CEO overconfidence affect workplace safety?. *Journal of Corporate Finance*, 82, A. 102430. https://doi.org/10.1016/j.jcorpfin.2023.102430
14. Chow, G. C. (1960). Tests of equality between sets of coefficients in two linear regressions. Econometrica: *Journal of the Econometric Society*, 28(3), pp. 591–605. https://doi.org/10.2307/1910133
15. Darabi, R. and Zamani, M. (2017). Tax avoidance and asymmetric behavior of costs. *Iranian Journal of Accounting, Auditing and Finance*, 1(1), pp. 39-51. https://doi.org/10.22067/ijaaf.v1i1.67392
16. Dyreng, S. D., Hanlon, M. and Maydew, E. L. (2010). The effects of executives on corporate tax avoidance. *The Accounting Review*, 85(4), pp. 1163-1189. https://doi.org/10.2308/accr.2010.85.4.1163
17. Fang, H., Lee, J. S., Chung, C. P., Lee, Y. H. and Wang, W. H. (2020). Effect of CEO power and board strength on bank performance in China. *Journal of Asian Economics*, 69, A. 101215. https://doi.org/10.1016/j.asieco.2020.101215
18. Farag, H. and Mallin, C. (2018). The influence of CEO demographic characteristics on corporate risk-taking: evidence from Chinese IPOs. *The European Journal of Finance*, 24(16), pp. 1528-1551. https://doi.org/10.1080/135184 7X.2016.11.51454
19. Finkelstein, S. and Hambrick, D. C. (1996). Strategic leadership: top executives and their effects on organizations. West Publishing, New York.
20. Hambrick, D. C. (2007). Upper echelons theory: An update. *Academy of Management Review,* 32(2), pp. 334-343. https://doi.org/10.5465/AMR.2007.24345254
21. Hambrick, D. C. and Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), pp. 193-206. https://doi.org/10.5465/amr.1984.4277628
22. Hanlon, M. and Heitzman, S. (2010). A review of tax research. J*ournal of Accounting and Economics*, 50(2-3), pp. 127-178. https://doi.org/10.1016/j.jacceco.2010.09.002
23. Hausman, J. A. (1978). Specification tests in econometrics. Econometrica: *Journal of the Econometric Society,* 46(6), pp. 1251-1271. https://doi.org/10.2307/1913827
24. Heaton, J. B. (2002). Managerial optimism and corporate finance. *Financial Management*, 31(2), pp. 33-45. https://doi.org/10.2307/3666221
25. Hsieh, T. S., Wang, Z. and Demirkan, S. (2018). Overconfidence and tax avoidance: The role of CEO and CFO interaction. *Journal of Accounting and Public Policy*, 37(3), pp. 241-253. https://doi.org/10.1016/j.jaccpubpol.2018.04.004
26. Hsu, W. and Lee, Y. (2025). CEO overconfidence and corporate tax strategy. *Journal of Corporate Accounting & Finance*, 36(3), pp. 103-118. https://doi.org/10.1002/jcaf.22777
27. Ilaboya, O. J. and Aronmwan, E. (2021). Overconfident CEOs and corporate tax avoidance. *The Journal of Accounting and Management*, 11(2), pp. 70–80.
28. Kabir, R., Li, H. and Veld-Merkoulova, Y. (2018). Do managers act opportunistically towards

the end of their career? *Journal of International Financial Markets, Institutions and Money*, 56, pp. 218-232. https://doi.org/10.1016/j.intfin.2018.01.006
29. Karavitis, P., Kazakis, P. and Xu, T. (2025). Overconfident CEOs, corporate social responsibility, and tax avoidance: Evidence from China. *Journal of International Accounting, Auditing and Taxation,* 59, A. 100702. https://doi.org/10.1016/j.intaccaudtax.2025.100702
30. Kim, T. and Na, J. (2026). CEO overconfidence, industry competition, and ESG performance. *Corporate Social Responsibility and Environmental Management*, 1(1), pp. 1–17. https://doi.org/10.1002/csr.7057
31. Kubick, T. R. and Lockhart, G. B. (2017). Overconfidence, CEO awards, and corporate tax aggressiveness. *Journal of Business Finance & Accounting*, 44(5-6), pp. 728-754. https://doi.org/10.1111/jbfa.12237
32. Lakhal, F., Khemiri, S., Guizani, S. and Assil, B. (2023). CEO overconfidence and tax practices: does board gender diversity matter? Université Gustave Eiffel, Champs-sur-Marne, France. https://doi.org/10.59876/a-dkkn-e30s
33. Lartey, T. and Danso, A. (2022). CEO overconfidence and debt covenant violations. *Journal of Financial Research*, 45(1), pp. 162-199. https://doi.org/10.1111/jfir.12271
34. Lee, R. J. and Kao, H. S. (2020). The effect of CEO power on tax avoidance: Evidence from Taiwan. *Global Journal of Business Research*, 14(1), pp. 1-27.
35. Liu, L., Le, H. and Thompson, S. (2022). CEO overconfidence and bank systemic risk: Evidence from US bank holding companies. *International Journal of Finance & Economics*, 27(3), pp. 2977-2996. https://doi.org/10.1002/ijfe.2308
36. Lubis, A. W. (2021). The effects of CEOs' overconfidence and education on cash holding: a study of non-financial companies in Indonesia during 2019. *International Journal of Advanced Research in Economics and Finance,* 3(3), pp. 89-101.
37. Malmendier, U. and Tate, G. (2005). CEO overconfidence and corporate investment. *The Journal of Finance*, 60(6), pp. 2661-2700. https://doi.org/10.1111/j.1540-6261.2005.00813.x
38. Ogundipe, A. A., Daugaard, D., Khan, F. and Jia, J. (2026). Managerial overconfidence and corporate environmental, social, and governance performance: International evidence. *Global Finance Journal,* 69, A. 101242. https://doi.org/10.1016/j.gfj.2026.101242
39. Roll, R. (1986). The hubris hypothesis of corporate takeovers. *The Journal of Business*, 59(2), pp. 197–216.
40. Saesen, J., Schmidt, C. V. H. and Strese, S. (2024). The more, the better: The influence of overconfident CEOs on their firms' digital orientation. *Journal of Business Research,* 183, A. 114809. https://doi.org/10.1016/j.jbusres.2024.114809
41. Salehi, M. and Salami, S. (2020). Corporate tax aggression and debt in Iran. *Journal of Islamic Accounting and Business Research*, 11(1), pp. 257-271. https://doi.org/10.1108/JIABR-10-2016-0127
42. Souguir, Z., Lassoued, N. and Bouzgarrou, H. (2023). CEO overconfidence and tax avoidance: role of institutional and family ownership. *International Journal of Managerial Finance*, 20(3), pp. 768-793. https://doi.org/10.1108/IJMF-12-2022-0545
43. Su, Y., Liu, A. and Lei, W. (2025). The impact of managers' overconfidence and corporate tax avoidance: a full-life-cycle perspective. *Finance Research Letters,* 90, A. 109244. https://doi.org/10.1016/j.frl.2025.109244
44. Sumunar, K. I., Jannah, L. and Aulia, D. (2019). CEO overconfidence, tax avoidance, and education foundation. *Jurnal Akuntansi & Auditing Indonesia*, 23(2), pp. 99–105. https://doi.org/10.20885/jaai.vol23.iss2.art4
45. Sutrisno, P. and Pirzada, K. (2020). Are CEO overconfidence and audit firm size related to tax

avoidance? GATR *Accounting and Finance Review*, 5(2), pp. 56–65. https://doi.org/10.35609/afr.2020.5.2(3)
46. Sutrisno, P., Utama, S., Anitawati Hermawan, A. and Fatima, E. (2022). Founder and descendant vs. Professional CEO: does CEO overconfidence affect tax avoidance in the Indonesia case? *Economies*, 10(12), p. 327. https://doi.org/10.3390/economies10120327
47. Wiersema, M. F. and Bantel, K. A. (1992). Top management team demography and corporate strategic change. *Academy of Management Journal*, 35(1), pp. 91-121. https://doi.org/10.5465/256474
48. Xi, J. and Xiao, H. (2025). CEO early-life disaster experience and tax avoidance: Chinese evidence. *The International Journal of Accounting*, 60(01), A. 2450006. https://doi.org/10.1142/S1094406024500069
49. Zhang, H. and Zhu, Y. (2024). Financial knowledge, executive decision-making and enterprise innovation. *Finance Research Letters,* 61, A. 104925. https://doi.org/10.1016/j.frl.2023.104925
50. Zunianto, A. P. W., Narsa, N. P. D. R. H. and Lukita, C. (2024). CEO power and tax avoidance: An empirical study of manufacturing companies in Indonesia. *The Indonesian Accounting Review*, 14(1), pp. 11-23. https://doi.org/10.14414/tiar.v14i1.3700