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Research Article

Corporate Social Responsibility Disclosure, Tax Avoidance, and the Moderating Role of CEO Overconfidence in Indonesia

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Abstract: This study examines the relationship between Corporate Social Responsibility (CSR) disclosure and tax avoidance, with CEO Overconfidence considered as a moderating factor. The research focuses on non-cyclical consumer goods companies listed on the Indonesia Stock Exchange during the 2022-2024 period. Using annual and sustainability reports, the analysis employs multiple linear regression and moderated regression analysis (MRA). Robust standard errors based on the Newey-West method are applied to ensure reliable estimation. The results indicate that CSR disclosure does not have a significant direct effect on tax avoidance. However, CEO Overconfidence significantly moderates the relationship between CSR disclosure and tax avoidance, highlighting the role of executive behavioral characteristics in corporate tax decisions. These findings suggest that CSR disclosure alone is insufficient to explain firms' tax avoidance behavior without considering managerial traits. The study contributes to the literature by integrating behavioral perspectives into tax avoidance research and emphasizing the importance of executive oversight in aligning CSR practices with responsible tax behavior.

Keywords: CEO Overconfidence; Corporate Governance; CSR Disclosure; Executive Behavioral Characteristics; Tax Avoidance.

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1. Introduction

Taxation constitutes the primary source of state revenue in Indonesia and plays a central role in financing public expenditure, economic development, and social welfare (BPS, 2024). Althougj tax revenue has shown a consistent upward trend, the realization of tax collection frequently falls short of government targets, indicating persistent inefficiencies within the taxation system. The adoption of a self-assessment system grants taxpayers autonomy in fulfilling their tax obligations; however, this system also increases the opportunity for tax avoidance practices to emerge (Irnawati et al., 2021).

From a corporate perspective, taxes are often perceived as costs that reduce profitability, encouraging firms to engage in tax planning strategies aimed at minimizing tax burdens (Nofriansyah et al., 2024). One commonly applied strategy is tax avoidance, which operates within legal boundaries by exploiting regulatory gaps. Despite its legality, tax avoidance remains controversial due to its adverse implications for state revenue and social welfare (Muslim et al., 2023). Moreover, such practices often exist in a regulatory "gray area", where compliance with formal rules may conflict with the substance of ethical and social responsibility (Panggabean et al., 2024; Rini et al., 2022).

Corporate Social Responsibility (CSR) disclosure has increasingly been examined as a non-financial factor influencing corporate tax behavior. While CSR is intended to reflect corporate accountability and commitment to societal well-being, empirical findings regarding its relationship with tax avoidance remain inconclusive. Some studies suggest that higher CSR disclosure is associated with increased tax avoidance, particurlaly when governance mechanisms are weak, implying that CSR may be used strategically to legitimize aggressive tax behavior (Wulandari & Fanani, 2024). In contrast, other studies report that firms with higher CSR disclosure tend to exhibit lower tax avoidance, reflecting stronger ethical commitments and tax compliance (Andriyani et al., 2023). These conflicting results indicate that the role of CSR in corporate tax strategies remains insufficiently understood.

Recent corporate cases further reinforce this ambiguity, as firms actively engaged in CSR initiatives have nonetheless been implicated in aggressive or fraudulent tax practices (Directorate General of Taxes, 2025). This inconsistency suggests that CSR disclosure alone may not adequately capture a firm's true commitment to responsible tax behavior. Consequently, internal managerial characteristics may play a decisive role in shaping how CSR is utilized in corporate decision-making.

One such characteristic is CEO overconfidence, a behavioral trait characterized by excessive optimism and overestimation of managerial ability. Prior research indicates that overconfident CEOs tend to pursue aggressive strategies, underestimate risks, and prioritize short-term performance, which may increase the likelihood of tax avoidance (Bivianti et al., 2022; Tuljannah & Helmy, 2023). Empirical evidence also suggests that CEO overconfidence may weaken the firm's engagement in substantive CSR activities and influence tax-related decisions (Karavitis et al., 2025). However, limited studies have explicitly examined CEO overconfidence as a moderating factor in the relationship between CSR disclosure and tax avoidance, particularly in emerging market contexts.

Addressing this gap, the present study investigates the moderating role of CEO overconfidence in the relationship between CSR disclosure and tax avoidance among publicly listed non-cyclical consumer goods companies in Indonesia during the 2022-2024 period. This study employs multiple linear regression analysis with robust standard errors using the Newey-West approach to ensure reliable inference.

This research contributes to the literature by integrating behavioral finance and corporate governance perspective into tax avoidance research. Specifically, it provides empirical evidence on how CEO overconfidence conditions the CSR-tax avoidance relationship, offering insights for regulators, investors, and policymakers regarding the importance of executive behavior in ensuring that CSR disclosure reflects genuine corporate responsibility rather than symbolic compliance.

2. Literature Review

Legitimacy Theory

Legitimacy Theory explains that companies seek to align their operations with societal norms and values in order to gain and maintain stakeholder approval (John Tobin et al., 2002). Legitimacy exists when corporate actions are perceived as appropriate and consistent with the social system in which firms operate (Suchman, 1995). To preserve legitimacy, companies respond to social expectations through transparent practices, including CSR activities and disclosure. Consistent with this view, CSR disclosure can be interpreted as a signal of corporate legitimacy, reflecting a firm's effort to avoid practices perceived as socially undesirable, such as tax avoidance.

Upper Echelons Theory

Upper Echelons Theory posits that corporate strategies and outcomes reflect the personal characteristics and cognitive traits of top executives, particularly CEOs (Donald C. Hambrick & Phyllis A. Mason, 1984). Executive attributes influence firms' approaches to sustainability, ethical decision-making, and taxation policies (Dhir et al., 2023). Empirical studies show that CEO characteristics shape strategic risk-taking and financial decisions (Ting et al., 2015), while deeper psychological traits such as overconfidence further drive aggressive strategic choices (Saesen et al., 2024). Accordingly, this theory provides a strong foundation for examining how CEO overconfidence influences the relationship between CSR disclosure and tax avoidance

Overconfidence Theory

Overconfidence Theory explains a cognitive bias in which individuals overestimate their knowledge, abilities, or judgement, even in complex decision-making contexts (Russo & Schoemaker, 2016). This bias is particularly relevant at the executive level, as CEOs with excessive confidence tend to underestimate risks and deviate from rational decision-making. Empirical evidence shows that overconfident CEOs may disregard efficient financing options, leading to suboptimal financial outcomes and reduced access to external funding due to heightened perceptions of risk among stakeholders (Yang et al., 2025). Such behavior highlights how cognitive biases influence strategic corporate decisions beyond purely economic considerations. Therefore, overconfidence theory provides a relevant framework for understanding how CEO cognitive bias can shape CSR-related decisions and moderate corporate tax avoidance behavior.

CEO Overconfidence

CEO overconfidence is a cognitive bias where executives overestimate their abilities, judgement accuracy, and strategic success (Almaghrabi et al., 2024; Sharpe et al., 2023). In financial literature, it is viewed as a decision-making distortion rather than a stable trait, influencing risk perception and strategic choices (Lartey et al., 2022). Empirically, overconfidence is commonly identified through delayed exercise of in-the-money stock options, refkecting excessive optimism about future firm performance (Sharpe et al., 2023). Prior studies show that overconfident CEOs tend to adopt aggressive accounting and tax-related strategies, increasing reporting and regulatory risks (Almaghrabi et al., 2024; Lartey et al., 2022), although such optimism may also encourage innovation through higher investment in R&D and marketing (Sharpe et al., 2023).

Corporate Social Responsibility Disclosure

Corporate Social Responsibility (CSR) has become a central component of modern business strategy, reflecting corporate efforts to integrate economic goals with social and environmental responsibilities. CSR is not limited to compliance or philanthropy but represents a voluntary and strategic incorporation of ethical conduct, environmental protection, and social accountability into business operations (Marco-Lajara et al., 2022). As a strategic asset, CSR disclosure can enhance corporate reputation, financial performance, and organizational resilience, particularly during periods of uncertainty (Santoso et al., 2024). From a financial perspective, CSR disclosure is viewed as a long-term investment that strengthens legitimacy and stakeholder trust, while its implementation remains closely related to internal financial decisions, including taxation policies (Chang et al., 2025).

Tax Avoidance

Tax avoidance refers to legally permitted corporate strategies used to minimize tax liabilities by exploiting flexibility within tax regulations, although such practices often raise ethical concerns due to their potential impact on public revenue (Gao et al., 2025; Sarhan et al., 2024). While operating within legal boundaries, aggressive tax planning may weaken corporate legitimacy and public trust when firms are perceived as avoiding their social obligations (Sarhan et al., 2024). Prior studies indicate that effective governance mechanisms, including strong CSR practices, can constrain excessive tax avoidance behavior (Nabila Maharani et al., 2025), whereas regulatory pressure and market structure may intensify firms' incentives to engage in such practices (Gao et al., 2025).

Hypotheses Development

Figure 1. Research Framework

Corporate Social Responsibility (CSR) disclosure is increasingly used as a strategic instrument to enhance legitimacy and manage stakeholder perceptions. From the Upper Echelons perspective, where overconfident CEOs may utilize CSR as a reputational tool to justify aggressive fiscal strategies (Gu & Wang, 2023; Karavitis et al., 2025). Empirical evidence shows that higher CSR disclosure can be associated with increased tax avoidance as firms attempt to mitigate regulatory and reputational risks. However, prior studies also report contrasting results, suggesting that CSR disclosure may reduce tax aggressiveness due to stronger stakeholder monitoring (Andriyani et al., 2023; Bhattacharyya & Imam, 2024; Mkadmi & Ben Ali, 2024), while others find no significant relationship (Rizky Nurtanto et al., 2024). Based on these mixed findings, this study proposes the following hypothesis:

H_1: Corporate Social Responsibility (CSR) disclosure is positively associated with tax avoidance

The relationship between Corporate Social Responsibility (CSR) disclosure and tax avoidance is influenced not only by corporate sustainability policies but also by executive characteristics, particularly CEO overconfidence as emphasized in upper Echelons Theory. Overconfident CEOs tend to exhibit excessive optimism, higher risk tolerance, and greater inclination toward strategic actions, including the use of CSR as a legitimacy mechanism in fiscal decision-making. Empirical evidence indicates that firms led by overconfident CEOs are more likely to engage in aggressive tax avoidance alongside extensive CSR disclosure, suggesting that CSR may function as a symbolic tool rather than a genuine ethical commitment (Jevita & Siregar, 2023; Karavitis et al., 2025). Additional studies show that CEO overconfidence can weaken the disciplinary role of CSR in restraining tax avoidance by encouraging opportunistic and short-term oriented decision-making (Angeline et al., 2022; Qurratu Ainiy Nuran, 2021; Sugiono & Anggraeny, 2022). Furthermore, evidence from Indonesian firms confirms that excessive CEO confidence is associated with more aggressive tax strategies, reinforcing its moderating role in the CSR-tax avoidance relationship (Alya Adinda Putri, 2024). Based on these findings, the following hypothesis is proposed:

H_2: CEO overconfidence moderates the relationship between Corporate Social Responsibility (CSR) disclosure and tax avoidance.

3. Research Method

Population & Sample

The population of this study comprises 121 consumer non-cyclical companies listed on the Indonesian Stock Exchage (IDX) during the 2022-2024 period. This sector includes firms operating in essential industries such as food and beverages, pharmaceuticals, and household and personal care products. These companies were selected because of their relatively stable business performance and high level of public exposure, particularly with respect to Corporate Social Responsibility (CSR) disclosure and corporate tax practices, making them suitable for examining tax avidance behavior and executive influence.

The research sample was determined using purposive sampling to ensure alignment with the study's objectives. Companies were selected based on several criteria, including the availability of complete annual and sustainability reports, positive financial performance, and accessible CEO-related data throughout the 2022-2024 period. After excluding firms that did not meet these criteria, a total of 57 consumer non-cyclicals companies were included in the final sample. Observations were colledted over three years, resulting in 171 firm-year observations used for empirical analysis.

Variable & Measurement

This study examines Corporate Social Responsibility (CSR) disclosure as the independent variable, Tax Avoidance as the dependent variable, CEO Overconfidence as the moderating variable, and leverage, profitability, and institutional ownership as control variables. Tax avoidance is proxided by pre-tax income, where a lower CETR indicates a higher level of tax avoidance (Wahyu Utami & Kurniyawati, 2025).

Corporate Social Responsibility (CSR) disclosure is measured using the Corporate Social Responsibility Index (CSRI) based on the Global Reporting Initiative (GRI) Standards, covering economic (GRI 200), environmental (GRI 300), and social (GRI 400) dimensions. Each item is scored dichotomously, and higher CSRI value reflects broader Corporate Social Responsibility (CSR) disclosure (Dewa Ayu Eka Pertiwi et al., 2024).

CEO overconfidence is measured using the High Overconfidence Score (HighOCS), defined as the proportion of compensation received by the top three executives relative to total executive compensation (Karavitis et al., 2025). Control variables include leverage, measured as total liabilities to total assets (Devi et al., 2024), profitability proxied by Return on Assets (ROA) (Fridatien et al., 2024), and institutional ownership measured as the proportion of shares held by institutional investors (Jurnali et al., 2024).

4. Result & Discussion

Results

This section reports the empirical results of the study, including descriptive statistics, multiple linear regression analysis, moderated regression analysis, hypothesis testing, classical assumption diagnostics, and interpretation of the selected model. The findings are presented in accordance with the research framework.

Descriptive Statistic Analysis

Descriptive statistical analysis serves as the initial stage of data analysis and aims to provide an overview of the characteristics of the dataset used in this study. This analysis summarizes the data through key numerical measures, including the mean, median, and standard deviation, and may be supported by graphical presentations. Such an approach facilitates the identification of preliminary patterns and trends, thereby supporting a clearer understanding of the data prior to further analysis.

Numerical summaries present data through statistical measures that describe the key characteristics of a dataset, including measures of central tendency, dispersion and distributional shape (skewness and kurtosis).

Table 1. Descriptive Statistic Analysis.

Variable	N	Min	Max	Mean	Med	Std.Dev
TA (Y)	171	0.10	0.43	0.25	0.23	0.11
CSRD (X_1)	171	0.29	0.63	0.45	0.44	0.12
LEV (X_2)	171	0.20	1.65	0.74	0.58	0.51
ROA (X_3)	171	0.01	0.15	0.07	0.06	0.05
OWN (X_4)	171	0.23	0.90	0.56	0.57	0.25
OC (Z)	171	0.17	0.40	0.30	0.31	0.09
CSR:OC (X_1:Z)	171	0.08	0.19	0.13	0.13	0.04

Descriptive statistics indicate that tax avoidance, proxied by the Cash Effective Tax Rate (CETR), ranges from 0.10 to 0.43, with a mean value of 0.25 and a standard deviation of 0.11, suggesting a moderate level of tax avoidance with limited dispersion across frims. Corporate Social Responsibility (CSR) disclosure exhibits an average value of 0.25, with observations spanning from 0.29 to 0.63 and a standard deviation of 0.12, indicating relatively low but fairly consistent disclosure practices among the sampled firms.

The leverage variable records a mean of 0.74 and a standard deviation of 0.51, reflecting substantial heterogeneity in firms' capital structure. Profitability (ROA) shows a mean value of 0.07 with a standard deviation of 0.05, implying stable earnings performance throughout the observation period. Institutional ownership demonstrates a relatively high average of 0.56 with a standard deviation of 0.25, indicating a strong institutional presence in corporate ownership structures.

CEO overconfidence presents a mean value of 0.30 and a standard deviation of 0.09, suggesting limited variation in executive dominance across firms. The interaction term CSR disclosure x CEO overconfidence displays a moderate mean with low variability, indicating a consistent moderating pattern within the sample.

Multiple Linear Regression Analysis

This study applies multiple linear regression analysis using Rstudio to examine the effects of the independent variables (X_1 – X_4) and the moderating variable on tax avoidance (Y). The analysis is extended with moderated regression analysis (MRA) and the estimation results are presented in the following table.

Hypotheses Testing

F-Test

Table 2. Output F-Test.

Multiple R-squared	**0.05485**
Adjusted R-squared	0.02621
F-statistic	1.915
p-value	0.09441

The simultaneous F-test yields an F-statistic of 1.915 with a p-value of 0.094, indicating significance at the 10% level but not at 5%. This suggests that CSR disclosure, leverage, institutional ownership, ROA, and CEO overconfidence jointly have a moderate effect on tax avoidance. The adjusted R-squared of 0.02621 indicates that the model explains approximately 2.6% of the variation in tax avoidance.

T-Test

Table 3. Output T-Test.

	Estimate	Std.Error	t-value	Pr(>|t|)
Intercept	0.355905	0.058313	6.103	7.17e-09 ***
CSRD (X_1)	0.008661	0.070786	0.122	0.9028
LEV (X_2)	-0.007417	0.017549	-0.423	0.6731
ROA (X_3)	-0.289892	0.183396	-1.581	0.1159
OWN (X_4)	-0.078218	0.034453	-2.270	0.0245*
OC (Z)	-0.143424	0.101186	-1.417	0.1582

The T-test results show that institutional ownership is statistically significant, with a p-value of 0.0245 < 0.05, indicating a significant individual effect on tax avoidance. In contrast, CSR disclosure (p = 0.6731), CEO overconfidence (p = 0.1582) and ROA (p = 0.1159) are not statistically significant, suggesting that these variables do not individually explain variations in tax avoidance.

Classical Assumption Test

Table 4. Output Classical Assumption Test.

	Normality Test (*Kolmogorov-Smirnov)*	Autocorrelation Test (*Durbin Watson)*	Homoscedasticity Test (Breusch Pagan)	Multicollinearity Test (VIF)
p-value	0.551	0.01472	0.02633	X_1 1.053 X_2 1.141 X_3 1.187 X_4 1.049 Z 1.102

Based on the results of the classical assumption tests, the regression model demonstrates mixed diagnostic outcomes. The normality test produces a p-value of 0.551, which is above the 0.05 significance level, indicating that the residuals are normally distributed and that the normality assumption is satisfied. In addition, the multicollinearity test shows that all independent variables have Variance Inflation Factor (VIF) values well below the critical threshold of 10, namely CSR disclosure (1.053), leverage (1.141), institutional ownership (1.049), ROA (1.187), and CEO overconfidence (1.102), suggesting that multicollinearity is not a concern in the model.

However, the *Breusch-Pagan* test indicates the presence of heteroscedasticity, as the p-value is below the 5% significance level, implying that the variance of the residuals is not constant across obervations. Furthermore, the *Durbin-Watson* test yields a statistic of 1.7064 with a p-value of 0.01472, providing evidence of autocorrelation in the residuals. Given the existence of both heteroscedasticity and autocorrelation, robust standard errors are applied to ensure consistent and reliable estimation and to maintain the validity of statistical inference (Bera et al., 1992).

Newey-West Test (Handling Heteroscedasticity and Autocorrelation)

Table 4. Output Newey-West Test.

	Estimate	Robust SE	t-value	p-value	Sig.
Intercept	0.3559	0.0601	5.919	<0.001	***
CSRD (X_1)	0.0087	0.0753	0.115	0.909	
LEV (X_2)	-0.0074	0.0226	-0.328	0.744	
ROA (X_3)	-0.2899	0.2367	-1.225	0.223	
OWN (X_4)	-0.0782	0.0473	-1.653	0.100	
OC (Z)	-0.1434	0.1182	-1.213	0.227	

Using Newey-West robust standard errors, the regression results show that the constant term remains positive and highly significant (β = 0.3559; p < 0.001). In contrast, the explanatory variables do not exhibit statistically significant effects. ROA has a negative coefficient (β = -0.2899; p < 0.223), indicating no meaningful influence on the dependent variable. CEO overconfidence also shows an insignificant negative effect (β = -0.1434; p < 0.227), while leverage remains insignificant with a small negative coefficient (β = -0.0074; p < 0.744).

Institutional ownership, which was previously marginally significant, becomes statistically insignificant after the application of Newey-West corrections (β = -0.0782; p < 0.100). Overall, the use of robust standard error increases the estimated standard errors and weakens coefficient significance, suggesting that earlier findings are not robust once heteroscedasticiy and autocorrelation are properly addressed (Bera et al., 1992).

Moderated Regression Analysis

Hypotheses Testing

F-Test

Table 5. Output F-Test.

Multiple R-squared	**0.08171**
Adjusted R-squared	0.04812
F-statistic	2.432
p-value	0.02801

The F-Test for the moderated regression analysis yields an F-statistic of 2.432 with a p-value of 0.02801, indicating statistical significance at the 5% level. This result demonstrates that CSR disclosure, leverage, institutional ownership, ROA, CEO overconfidence, and the interaction term (CSRD x CEO overconfidence) jointly have a significant effect on tax avoidance. Accordingly, the null hypothesis is rejected, confirmiing that the inclusion of CEO overconfidence as a moderating variable improves the model's explanatory power and overall significance.

T-Test

Table 6. Output F-Test.

	Estimate	**Std.Error**	**t-value**	**Pr(>|t|)**
Intercept	0.311651	0.027165	11.473	<2e-16***
CSRD (X_1)	-0.011750	0.070603	-0.166	0.8680
LEV (X_2)	-0.003967	0.017422	-0.228	0.8202
ROA (X_3)	-0.305182	0.181455	-1.682	0.0945.
OWN (X_4)	-0.075178	0.034091	-2.205	0.0288*
OC (Z)	-0.139624	0.100057	-1.395	0.1648
CSRD : OC (X_1 : Z)	-1.749556	0.798756	-2.190	0.0299*

The T-Test results show that institutional ownership and the CSRD x CEO Overconfidence interaction are significant at the 5% level (p = 0.0288 and 0.0299), indicating their meaningful influence on tax avoidance. In contrast, leverage, CSR disclosure, and CEO overconfidence are not significant, while ROA is only marginally significant at the 10% level.

Classical Assumption Test

Table 7. Output Classcial Assumption test.

	Normality Test (*Kolmogorov-Smirnov)*	**Autocorrelation Test (*Durbin Watson)***	**Homoscedasticity Test (Breusch Pagan)**	**Multicollinearity Test (VIF)**

p-value	0.641	0.02807	0.03432	X_1 1.071 X_2 1.150 X_3 1.189 X_4 1.050 Z 1.102 X_1 : Z 1.033

The normality test reports a p-value of 0.641, exceeding the 0.05 threshold, confirming that the residuals are normally distributed. The multicollinearity test further shows that all VIF values for CSRD, leverage, institutional ownership, ROA, CEO overconfidence, and the interaction term (CSRD x CEO overconfidence) are well below 10, indicating no multicollinearity concerns. The low VIF of the interaction term also confirms that mean centering effectively mitigates potential correlation issues.

The *Breusch-Pagan* test yields a p-value below 0.05, indicating the presence of heteroscedastcity. In addition, the *Durbin-Watson* statistic of 1.7539 with a p-value of 0.02807 provides evidence of residual autocorrelation. Given these violations, robust standard errors are applied to ensure consistent coefficient estimates and valid statistical inference (Bera et al., 1992).

Newey-West Test (Handling Heteroscedasticity and Autocorrelation)

Table 8. Output Newey-West Test.

	Estimate	**Robust SE**	**t-value**	**p-value**	**Sig.**
Intercept	0.3117	0.0261	11.949	<0.001	***
CSRD (X_1)	-0.0117	0.0724	-0.162	0.871	
LEV (X_2)	-0.0040	0.0218	-0.182	0.856	
ROA (X_3)	-0.3052	0.2293	-1.331	0.185	
OWN (X_4)	-0.0752	0.0465	-1.617	0.108	
OC (Z)	-0.1396	0.1159	-1.205	0.230	
CSRD : OC (X_1 : Z)	-1.7496	0.8696	-2.012	**0.046**	*

Using Newey-West robust standard errors, the moderated regression results indicate that the constant term remains positive and highly significant ($\beta = 0.3117$; $p < 0.001$), representing the expected value of the dependent variable at the mean of the centered predictors. In contrast, the main effects of CSR disclosure ($\beta = -0.0117$; $p = 0.871$), leverage ($\beta = -0.0040$; $p = 0.856$), institutional ownership ($\beta = -0.0752$; $p = 0.108$), ROA ($\beta = -0.3052$; $p = 0.185$), and CEO overconfidence ($\beta = -0.1396$; $p = 0.230$) are not statistically significant after correcting for heteroscedasticity and autocorrelation.

Notably, the interaction term between CSR disclosure and CEO overconfidence remains negative and statistically significant at the 5% level ($\beta = -1.7496$; $p = 0.046$). This finding confirms that CEO overconfidence significantly moderates the relationship between CSR disclosure and the dependent variable, even after applying robust standard error adjustments.

Discussion

The Influence of Corporate Social Responsibility (CSR) disclosure on Tax Avoidance

$$TA = 0.355 + 0.008 - 0.007 - 0.289 - 0.078 + \varepsilon$$

Based on the Robust Standard Error estimation, CSR disclosure shows a positive coefficient (0.0087) with a p-value of 0.909, indicating no statistically significant effect on tax avoidance. Thus, variations in CSR disclosure do not explain firms' tax avoidance behavior, and H_1 is rejected. From a legitimacy perspective, CSR disclosure functions as a tool to align corporate activities with societal expectations and maintain legitimacy (Suchman, 1995), as aggressive tax avoidance may conflict with responsible business practices (Arjuna Budiharto, 2024; Inger & Stekelberg, 2022). Moreover, economic instability and fluctuating tax revenues in Indonesia led to inconsistent CSR disclosure, weakening its ability to signal tax behavior (Nazhwa Nasution, 2024). These results are consistent with prior studies reporting no significant relationship between CSR disclosure and tax avoidance (Friska Luxmawati, 2019; Mujiati, 2025; Nawangsari, 2022; Rizky Nurtanto et al., 2024).

The Influence of Corporate Social Responsibility (CSR) disclosure on Tax Avoidance with CEO Overconfidence as a moderating variable

$$TA = 0.311 - 0.011 – 0.139 – 1.749 – 0.0039 – 0.3051 – 0.0751 + \varepsilon$$

The Robust Standard Error moderation analysis shows that the interaction between CSR disclosure and CEO overconfidence is negative and statistically significant with a p-value 0.046, indicating that CEO overconfidence significantly moderates the relationship between CSR disclosure and tax avoidance. This result supports H_2 and suggests that CEO overconfidence weakens the positive association between CSR disclosure and tax avoidance. Although CSR disclosure is associated with higher tax avoidance, this effect diminishes in firms led by overconfident CEOs, who may restrain aggressive tax behavior due to reputational and legitimacy considerations (Souguir et al., 2024). Consistent with Upper Echelons Theory (Donald C. Hambrick & Phyllis A. Mason, 1984), executive psychological traits shape strategic decisions related to CSR and tax policy, with overconfident CEOs emphasizing long-term legitimacy over opportunistic behavior (Al-Shammari et al., 2023; Jevita & Siregar, 2023; Septia Anggraini, 2022). This finding aligns with prior studies identifying CEO overconfidence as a significant moderator in the CSR disclosure-tax avoidance relationship (Bouzouitina et al., 2021; Jarraya & Boujelbène, 2025; Karavitis et al., 2025).

5. Conclusion

This study investigates the relationship between Corporate Social Responsibility (CSR) disclosure and tax avoidance, with CEO overconfidence incorporated as a moderating variable. The sample comprises non-cyclical consumer goods companies listed on the Indonesia Stock Exchange (IDX) over the 2022-2024 period that satisfy the predefined data availability criteria. The empirical findings indicate that CSR disclosure does not have a statistically significant direct effect on tax avoidance. However, CEO overconfidence is found to significantly moderate this relation in a negative direction, suggesting that higher levels of CEO overconfidence weaken the association between CSR disclosure and tax avoidance.

6. Limitation & Suggestion

This study has several limitations. CSR disclosure data were obtained from sustainability reports, yet not all firms in the non-cycylical consumer sector publish such reports, which reduced the sample size and may limit the generalizability of the findings. In addition, the relatively short observation period of three years (2022-2024) may not fully capture the long-term dynamics of CSR disclosure and tax avoidance practices. Based on these limitations, future research is encouraged to expand the sample size and extend the observation period to provide more comprehensive insights. From a regulatory perspective, particularly for the Directorate General of Taxes, strengthening tax regulations is recommended to reduce loopholes that may be exploited for tax avoidance.

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