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The Effect of Management Compensation and CEO Narcissism on Tax Management Moderated by Auditor Reputation in Manufacturing Companies for the Period 2021-2023

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ABSTRACT

This study aims to analyze and empirically test the effect of management compensation and CEO narcissism on tax management moderated by auditor reputation. The population used in the study were manufacturing companies listed on the Indonesia Stock Exchange in the period 2021 to 2023 using random sampling. The research data is in the form of secondary data obtained from the annual reports published by each public company. Data analysis using MMRA (Moderate Multivariate Regression Analysis). The results of the study show that management compensation has a significant positive effect on tax management. However, the results of the interaction between management compensation and auditor reputation do not have a significant effect on tax management. Meanwhile, CEO Narcissism statistically has no effect on tax management. However, when CEO Narcissism is moderated by auditor reputation, its effect is positive and significant on tax management. The contribution of this study to the government can be remembered that until now the level of tax management carried out by companies is still high.

Keywords: Management Compensation, CEO Narcissism, Auditor Reputation, and Tax Management

INTRODUCTION

Tax is the largest contributor to state revenue. According to Resa (2012), tax is the largest source of state revenue, encouraging the state to be able to improve regulatory instruments in the government system. Indicators of a company's good or bad are seen from the ETR (Effective Tax Ratio). Kern and Morris (1992) stated that a company's ETR provides a statistical summary of the cumulative effects of various tax incentives and changes in corporate tax rates. The Directorate General of Taxes (DJP) said that the ideal tax rate for Indonesia according to international standards is 15% or more (Kemenkeu.go.id). However, in reality, Indonesia's tax rates from 2019 to 2023 have not met the expected standards. Many factors influence tax management, namely company size, leverage, inventory intensity, CEO narcissism, corporate governance, management compensation, tax facilities, fixed asset intensity. From several factors, CEO Narcissism and Management Compensation were chosen. The first factor is Management Compensation, a higher level of shareholder compensation for the purpose of maximizing shares will have an impact on the level of executive compliance with corporate tax payments. The second factor is CEO narcissism, narcissism is a person's need for attention, admiration, and public approval. CEO narcissism is the result of excessive self-confidence and self-admiration, lack of empathy, and a strong desire for authority and prestige. Narcissistic CEOs are considered innovative, inspiring and ready to face challenges. Narcissistic CEOs often take bold and dangerous actions, such as avoiding taxes. Amran (2020) explains that narcissistic CEOs tend not to trust tax experts, so they make their own decisions and policies to manage taxes excessively. The role of a reputable auditor in relation to tax management is his ability to be independent and carry out audits professionally in order to improve the quality of audit results, so that auditors are not economically dependent on clients economically. In the sense that companies with audit examinations by reputable auditors, the big four KAPs, provide supervision and control over companies that carry out tax management actions in order to avoid tax avoidance or even tax evasion.

LITERATURE REVIEW

Agency theory suggests that when one or more parties provide work to others, an agency relationship will emerge in order to provide a service and delegate authority to the agent in decision-making efforts (Luayyi, 2010). The core of agency theory is contract planning to align the interests of managers and stakeholders. The relationship between dependent variables, one of which is tax management, a conflict of interest will arise if the practice of company management and tax collectors (fiscus) regarding the interests of company profits. While management considers that companies must generate sufficient profits with a low tax burden, the tax authorities oppose the collection of taxes as large as possible. These two different perspectives cause disagreement between the tax authorities as tax collectors and company management as taxpayers (Prakosa, 2014).

TAX MANAGEMENT

Tax management is a way to manage tax obligations by using strategies to minimize the amount of tax burden. In addition, management is also a way to fulfill tax obligations correctly but by suppressing the amount of tax paid as low as possible to obtain the expected profit and liquidity. Managing and supervising the tax burden to be paid is known as tax management. Tax management can utilize efficiency mechanisms.

Company management must manage taxes. The purpose of tax management is to do two things: to ensure that tax regulations are implemented correctly and to make efficient efforts to achieve the expected profits.

Tax planning, also known as “tax planning”, is the process of controlling desired actions (Kuriah, 2022). The government's Directorate General of Taxes continues to strive to update tax regulations to increase tax revenues. On the other hand, businesses continue to try to save on tax payments through legal methods known as tax aggressiveness (Siregar and Widyawti, 2016). Companies consider taxes as costs because they reduce net income. As a result, companies are expected to take aggressive tax actions, which can reduce tax costs.

ETR is a tool that can be used to measure tax management. In calculating its taxes, the company uses the taxable income base and applicable rates according to Article 6 Paragraph (1) of Law No. 36 of 2008. This rate is determined based on gross income minus the costs of obtaining, collecting, and maintaining income. In general, tax rates are displayed as a percentage.

ETR shows how good a company's tax management is. This rate also shows how the company responds to and impacts tax incentives. The existence of the ETR value is one form of calculating the ideal tax rate calculated by a company, therefore the existence of ETR is a special concern.

MANAGEMENT COMPENSATION

Compensation is all income in the form of money, direct goods or indirect goods, received by employees as compensation and services provided to the company. Financial or non-financial compensation is given based on company policy to all employees and efforts to improve their welfare such as holiday allowances and pensions (Siti Mujanah, 2019). Rivai (2005) the purpose of the company in providing compensation is to optimally mobilize human resources or management.

In general, the purpose of management compensation is to help the company achieve what has been set by the organization and ensure the creation of justice both internally and externally (Siti Munajah, 2019). Employees may calculate their performance and sacrifices with the compensation received. Direct compensation in its implementation can provide direct material rewards that can be used to meet daily needs. However, the company does not always do or provide bonuses because if in certain conditions where the company is experiencing an economic crisis, the company can provide motivation while patting employees on the shoulder so that employees are motivated and give their maximum contribution, and the existence of health insurance provides health insurance to employees so that employees get convenience when they are sick, which is expected to be able to immediately contribute again to the company.

Gender and regional diversity of a person in a company provides its own uniqueness where knowledge and critical character in an effort to open insight in a group. Thus, with the existence of increasingly diverse work groups tend to create positive interactions starting from considering and arguing for deeper proposals, and getting higher quality and more innovative solutions (Nagawa, 2014). With this, it will affect management compensation.

NARCISSIM CEO

CEO narcissism (NARC) is founded by seven sub-components such as authority, exhibitionism, superiority, arrogance, exploitation, entitlement and independence (Raskind and Teny, 1988). The ways in which CEO narcissism influences the company vary, whether it is related to optimal performance, earnings management, fraud or bold corporate policy-making, such as clean-up as a change in organizational strategy and bold business acquisitions (Chatterje & Hambrik, 2007; Rijsenbilt & Commandeur, 2013; Olsen et al, 2014).

*Narcissism CEO*more likely to enter into corporate tax as a place of work in order to reduce the company's tax burden through tax management. Based on Chyz et al. (2017), explained that narcissim CEOs will be more likely to engage in questionable practices and to make aggressive strategic decisions. CEOs who are confident and exaggerate the net profit from investment in tax planning to implement tax avoidance or deferral strategies are called CEO narcissism (Chys et al, 2021). NARC has the ability to influence corporate policy, where they encourage payment deferral strategies or use legal and illegal mechanisms in order to reduce the tax burden. Although it causes negative consequences from aggressive tax policies because of strict supervision by tax authorities, interest and reputation effects.

NARC behavior will attempt to combine self-confidence and extroversion, which is often seen by others as a prototypical leader. Although NARCs rate themselves as leaders, more objective ratings (e.g., from peers and supervisors) suggest narcissism is negatively related to actual leadership performance (Blair, Hoffman & Helland, 2008; Hakim, LePine & Rich, 2008). For example, when NARCs lead, it can result in information bottlenecks between group members and have negative effects on group members (Nevicka et al., 2011; Ten Velden et al., 2011).

AUDITOR'S REPUTATION

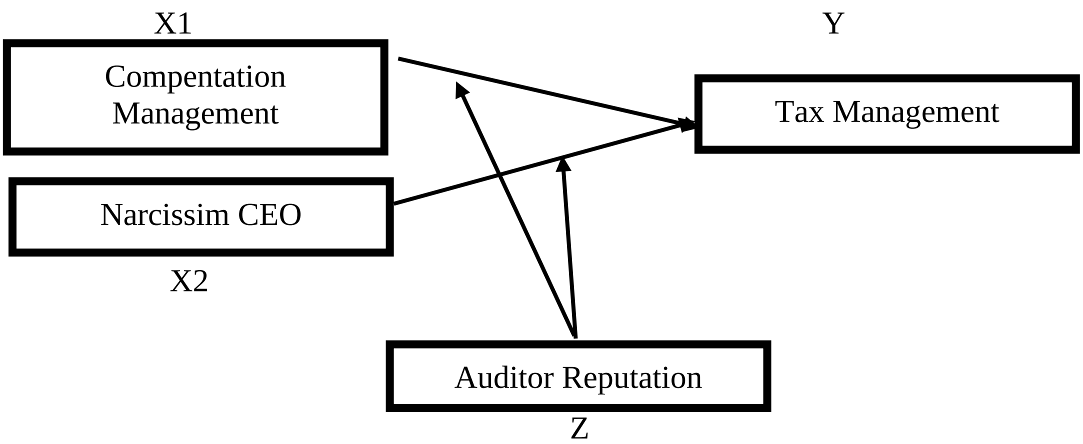
The auditor is a person who listens or listens to the accountant's financial statements. Therefore, the ability to listen effectively is an effort made by using the sense of hearing to capture information on a medium followed by a structured response. To achieve this, the following requirements are needed: media, clear information, response, and hearing aids.

In practice, the process of identifying the process of collecting and evaluating data is described as an audit action that aims to ensure that the data meets the established criteria. In fact, ancient countries such as: have informally examined financial statements. Greece, Egypt, Mesopotamia, India, Rome, and England, where the activity is indicated as an auditor's action. Therefore, it is expected that the auditor's examination will minimize fraud by doing it carefully and producing results that are beneficial to all parties involved.

Professional behavior along with code of ethics Auditors must understand the potential for fraud. An auditor is responsible for finding fraud during the audit. This is done to ensure that the financial statements are free from material misstatements, whether caused by negligence or fraud (ACIPA, 1997).

The performance of auditors who work professionally, which is considered an achievement and has public trust, is called auditor reputation. Audit reputation is a measure that shows the quality of audit results (Putri, 2017). According to DeAngelo's research (1981), auditor reputation is defined as a Big Four reputable auditor who is considered capable of detecting the possibility of material misstatements in financial statements and auditing honestly according to professional ethical behavior in an effort to reveal findings compared to auditors who are not included in the Big Four. In addition, according to Kanagaretnam et al. (2010), Big Four auditors have a high level of independence because they have the responsibility to do what they need to do.

CONCEPTUAL FRAMEWORK



Therefore, the hypotheses in this research are as follows:

H1: Management compensation has a negative effect on corporate tax management.

H2: CEO narcissism has a negative effect on corporate tax management.

H3: Management compensation for tax management is influenced by the auditor's reputation.

H4: CEO narcissism towards tax management is influenced by the auditor's reputation.

MATERIALS & METHODS

The data sources in this study were obtained from the company's financial reports and annual reports downloaded from the

Indonesia Stock Exchange website, namely (http://idx.co.id). This research is quantitative research, the type of data in this study is secondary data. Secondary data is obtained based on content analysis of company archives to determine the company's tendency in implementing tax management. While secondary data in this study was obtained from financial reports and annual reports of manufacturing companies listed on the IDX published from 2021-2023.

This type of research is quantitative research. Quantitative research is its type. According to Cohen (1980), quantitative research is social research that uses empirical methods and empirical statements, namely descriptions of cases that "are" in the "real world" rather than what "should" happen. However, Creswell (1994) states that quantitative research is a type of research that explains phenomena through the collection of numerical data and analysis of mathematically based methods. Quantitative research is used to measure the influence between variables, or how much influence variable X has on variable Y.

This study uses Moderated Multivariate Regression Analysis (MMRA). According to Ghozali (2013), MMRA is an analytical approach that helps maintain sample integrity and helps control the influence of moderator variables. Moderator variables act as independent parties and have the ability to enhance or weaken the relationship between independent variables and dependent variables. STATA software is used to analyze and process MMRA data.

RESULT

DESCRIPTIVE STATISTICAL ANALYSIS

Descriptive statistics are used in order to show information related to the description or description of company data regarding variables in the study that explain the maximum, minimum, average (mean) and standard deviation figures (Ghozali, 2018). The characteristics of research variables can be explained using descriptive statistics in order to provide information.

Table 1 Descriptive Statistical Analysis

	N	Mean	Std. Dev	Min	Max
Tax Management (ETR)	159	0.23	0.012	0.19	0.27
Management Compensation	159	22.94	1,138	19.72	25.54
Narcissism CEO	159	2.70	0.657	1	4
Auditor Reputation	159	0.08	0.28	0	1

Source: Processed secondary data, 2024

Table 1 above shows the average value of the tax management variable of 0.23 with a standard deviation of 0.01. The highest value of the tax management variable is 0.27 while the lowest value is 0.20.

The average value of the management compensation variable is 22.94 with a standard deviation of 1.13. The highest value of the management compensation variable is 25.54 while the lowest value is 19.72.

The average value of the CEO narcissism variable is 2.70 with a standard deviation of 0.65. The highest value of the CEO narcissism variable is 4 while the lowest value is 1.

The average value of the auditor reputation variable is 0.08 with a standard deviation of 0.28. The highest value of the auditor reputation variable is 1 while the lowest value is 0.

NORMALITY TEST

In graphical analysis, a moderate multivariate regression analysis model is considered good if the observed data are normally distributed or close to normal. The normal probability plot compares the cumulative distribution of the actual data with the cumulative distribution of the normal distribution. To determine normality, the Kolmogorov Smirnov statistical test will be used. If the line depicting the actual data follows the diagonal line or through the Kolmogorov Smirnov test, then the data is normally distributed with sig. > 0.05.

Table 2 Normality Test

Skewness/Kurtosis tests for Normality
Variables | Obs Pr(Skewness) Pr(Kurtosis) adj chi2(2) Prob>chi2
-------+----------------------------------- ---------------------------
res | 1 0.0928 0.6435 3.10 0.2127

Source: Processed secondary data, 2024

In table 2 the normality test above shows a significance value of 0.212 which is greater than 0.05. Therefore, it is concluded that the residual data is normally distributed.

MULTICOLLINEARITY TEST

In multicollinearity testing, the variable inflation factor (VIF) value is less than 10 and the tolerability value is less than 0.10. The existence of correlation between independent variables in MMRA is tested in this study.

Table 3 Multicollinearity Test

Variable | VIF 1/VIF
-------+----------------------
compensation~n | 1.00 0.999863
narcissism~o | 1.00 0.999863
-------+----------------------
Mean VIF | 1.00

Source: Processed secondary data, 2024

In table 3 above, the VIF values for all independent variables are smaller than 10, therefore it can be concluded that there is no multicollinearity between the independent variables.

HETEROKEDASTICITY TEST

The heteroscedasticity test can be known by looking at the print out in the form of a scatterplots graph. In addition, the test results can use White's test, if the moderate significant value is above the standard significant value of 0.05, then there is no heteroscedasticity problem.

Table 4 Heteroscedasticity Test

Breusch-Pagan/Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of tax management
chi2(1) = 3.20
Prob > chi2 = 0.0736

Source: Secondary Data collected, 2024

In table 4, the heteroscedasticity test above obtained a significance value of 0.073, which is greater than 0.05, therefore it was concluded that there was no heteroscedasticity in the residual data.

AUTOCORRELATION TEST

The autocorrelation that occurs indicates a good regression equation. One method in knowing whether or not autocorrelation occurs is by using a run test. The results of the run test that show a significant value > 0.05, means that there is no autocorrelation.

Table 5 Autocorrelation Test

Number of gaps in sample: 10
Durbin's alternative test for autocorrelation
--- -------------------------
lags(p) | chi2 df Prob > chi2
-------+---------------------------------- -------------------------
1 | 1.281 1 0.2578
--- -------------------------
H0: no serial correlation

Source: Processed secondary data, 2024

In table 5, the autocorrelation test above shows a significance value (sig) of 0.257, which is greater than 0.05, therefore it can be concluded that there is no autocorrelation in the residual data.

REGRESSION MODEL ANALYSIS

Multivariate Moderating Regression Analysis (MMRA) is a multiple linear regression model used to analyze interactions (multiplication of two or more independent variables).

MMRA is used to test the moderating variable of Auditor Reputation in the relationship between Management Compensation, CEO Narcissism and Tax Management. To test the relationship between these variables, this study uses a regression equation model formulated by Ghozali (2018) as follows:

Table 6 Unmoderated Model

tax management	Coef.	Std. Errr.	t	P>|t|	[95% Conf.	Intervals]
compensationmanagement	.003457	.0008405	4.11	0.000	.0017947	.0051192
narcissismceo	-.0057423	.0014555	3.95	0.000	.0028636	.0086211
_cons	.1392742	.0196575	7.09	0.000	.1003952	.1781533

Source: Processed secondary data, 2024

$$Manajemen\ Pajak = 0{,}139 + 0{,}003\ Kompensasi\ Manajemen - 0{,}006\ Narcissism\ CEO$$

The linear regression model above shows that an increase of one unit of the management compensation variable is able to increase the tax management variable by 0.003 and a decrease of one unit of the CEO narcissism variable is able to increase the tax management variable by 0.006.

Table 7 Models With Moderation

Tax Management	Coef.	Std. Errr.	t	P>|t|	[95% Conf.	Intervals]
Auditor reputation	-.0917993	.0576659	-1.59	0.114	-.2058763	.0222777
reputation_compensation	-.0047225	.0024869	1.90	0.060	-.0001972	.0096422
narcissism_reputation	.0071833	.006816	1.05	0.294	.0206671	.0063004
managementcompensation	.0027817	.000917	3.03	0.003	.0009678	.0045957
narcissismceo	-.0060998	.0015001	4.07	0.000	-.0031322	.0090674
_cons	.1536045	.0213179	7.21	0.000	.1114327	.1957763

Source: Processed secondary data, 2024

$$Manajemen\ Pajak = 0{,}154 + 0{,}003\ Kompensasi\ Manajemen - 0{,}006\ Narcissism\ CEO - 0{,}092\ Reputasi\ Auditor - 0{,}005\ Kompensasi * Reputasi + 0{,}007\ Narcissism * Reputasi$$

The linear regression model above shows that an increase of one unit of the management compensation variable can increase the tax management variable by 0.003, an increase of one unit of the CEO narcissism variable can reduce the tax management variable by 0.006, an increase of one unit of the auditor reputation variable can reduce the tax management variable by 0.092, an increase of one unit of the interaction of the management compensation variable with the auditor's reputation can reduce the tax management variable by 0.005 and an increase of one unit of the interaction of the CEO narcissism variable with the auditor's reputation can increase the tax management variable by 0.007.

F TEST

The F statistical test is used to obtain information about whether the independent variable model affects the dependent variable simultaneously. According to Ghozali (2018), the significant value of the F statistical test is 0.05. If the significance value of the F statistical test is less than 0.05, the alternative hypothesis is accepted, which means that each independent variable can affect the dependent variable significantly and simultaneously (Ghozali, 2018).

Table 8 F Test Without Moderation

Source | SS df MS Number of obs = 137
-------------+--- F (2, 134) = 16.43
Models | .004088793 2 .002044397 Prob > F = 0.0000
Residuals | .016670146 134 .000124404 R-squared = 0.1970
-------------+--- Adj R -squared = 0.1850
Total | .020758939 136 .000152639 Root MSE = .01115

Source: Processed secondary data, 2024

In table 8, the f-test above obtained a significance value of 0.000, which is smaller than 0.05, therefore the decision to accept H0 was obtained with the conclusion that there is a significant joint influence on the variables of management compensation and CEO narcissism on the tax management variable.

Table 9 F Test Model With Moderation

Source | SS df MS Number of obs = 137
-------------+--- F (5, 131) = 7.51
Models | .004624507 5 .000924901 Prob > F = 0.0000
Residuals | .016134432 131 .000123164 R-squared = 0.2228
-------------+--- Adj R -squared = 0.1931
Total | .020758939 136 .000152639 Root MSE = .0111

Source: Processed secondary data, 2024

In table 9, the f-test above obtained a significance value of 0.000, which is smaller than 0.05, therefore the decision to accept H0 was obtained with the conclusion that there is a significant influence on the variables of management compensation, CEO narcissism, auditor reputation, the interaction of management compensation with auditor reputation and the interaction of CEO narcissism with auditor reputation on tax management variables.

T-TEST

All independent variables and dependent variables are measured by the t-statistic test. A significant level of 5% indicates that the independent variable is not significant if the probability of Ha is more than 0.05, but significant if the probability of Ha is less than 0.05 (Ghozali, 2018).

Table 10 Unmoderated T-Test

tax management | Coef. Std. Errr. t P>|t| [95% Conf. Intervals]
--------------------+------------------------- -----------------------------------
management compensation | .003457 .0008405 4.11 0.000 .0017947 .0051192
narcissismceo | -.0057423 .0014555 3.95 0.000 -.0028636 .0086211
_cons | .1392742 .0196575 7.09 0.000 .1003952 .1781533

Source: Processed secondary data, 2024

In table 10 the t-test above shows the following results.

I. The significance value (sig) of the management compensation variable is 0.000, which is smaller than α (0.05), with the conclusion that the management compensation variable has a significant positive influence on increasing the tax management variable. The management compensation variable shows a positive direction with a coefficient of 0.03, therefore the decision to accept H0 is obtained.

II. The significance value (sig) of the CEO narcissism variable is 0.000, which is smaller than α (0.05), therefore the decision to reject H0 is obtained with the conclusion that the CEO narcissism variable has a significant negative influence on increasing the tax management variable.

Table 11 T-Test With Moderation

Tax Management	Coef.	Std. Errr.	t	P>|t|	[95% Conf. Intervals]	
Auditor reputation	-.0917993	.0576659	-1.59	0.114	-.2058763	.0222777
Reputation_compensation	-.0047225	.0024869	1.90	0.060	-.0001972	.0096422
Narcissism_reputation	.0071833	.006816	-1.05	0.294	.0206671	.0063004
Management Compensation	.0027817	.000917	3.03	0.003	.0009678	.0045957
narcissismceo	-.0040998	.0015001	4.07	0.000	-.0031322	.0090674
_cons	.1536045	.0213179	7.21	0.000	.1114327	.1957763

Source: Processed secondary data, 2024

In table 11 the t-test above shows the following results.

I. The significance value (sig) of the management compensation variable is 0.003, which is smaller than α (0.05), therefore the decision to accept H0 is obtained with the conclusion that the management compensation variable has a significant positive influence on increasing the tax management variable.
II. The significance value (sig) of the CEO narcissism variable is 0.000, which is smaller than α (0.05), therefore the decision to reject H0 is obtained with the conclusion that the CEO narcissism variable has a significant positive influence on increasing the tax management variable.
III. The significance value (sig) of the auditor reputation variable is 0.114, which is greater than α (0.05), therefore the decision to accept H0 is obtained with the conclusion that the auditor reputation variable does not have a significant influence on reducing the tax management variable.
IV. The significance value (sig) of the interaction between the management compensation variable and auditor reputation is 0.060, which is greater than α (0.05), therefore the decision to accept H0 is obtained with the conclusion that the auditor reputation variable does not moderate the influence of the management compensation variable on the tax management variable.
V. The significance value (sig) of the interaction between the management compensation variable and auditor reputation is 0.040, which is smaller than α (0.05), therefore the decision to reject H0 is obtained with the conclusion that the auditor reputation variable moderates the influence of the management compensation variable on the tax management variable.

DETERMINATION COEFFICIENT TEST

According to Ghozali (2018), to measure the tendency of the model to explain the dependent variable, the coefficient of determination test is used. The coefficient of determination value ranges between 0 and 1. The correlation coefficient value is categorized into 0 perfect, 0-49 weak, 0.50 moderate, 0.50–0.99 high, and 1 perfect. A high R-Square value indicates that the dependent variable has little influence; conversely, a low value indicates that almost all information can be used to predict the dependent variable (Ghozali, 2018).

Table 12 Determination Coefficient Without Moderation

tax management	Coef.	Std. Errr.	t	P>|t|	[95% Conf. Intervals]	
Auditor reputation	-.0917993	.0576659	-1.59	0.114	-.2058763	.0222777
reputation_compensation	.0047225	.0024869	1.90	0.060	-.0001972	.0096422
narcissism_reputation	.0071833	.006816	1.05	0.294	.0206671	.0063004
managementcompensation	.0027817	.000917	3.03	0.003	.0009678	.0045957

narcissismceo	.0060998 .0015001 4.07 0.000 .0031322 .0090674
_cons	.1536045 .0213179 7.21 0.000 .1114327 .1957763

Source: Processed secondary data, 2024

In table 12 the determination coefficient above shows the R Square value of 0.197, therefore it is concluded that the variables of management compensation and CEO narcissism are able to influence the tax management variable by 19.7% while the remaining 70.3% of the tax management variable is influenced by other variables outside this study. Although the low r-Square value does not affect the results of the study but has a large error component (Ghozali, 2016).

Table 13 Determination Coefficient with Moderation

Source	SS df MS Number of obs = 137
-------------+-- F (5, 131) = 7.51
Models	.004624507 5 .000924901 Prob > F = 0.0000
Residuals	.016134432 131 .000123164 R-squared = 0.2228
-------------+-- Adj R -squared = 0.1931
Total	.020758939 136 .000152639 Root MSE = .0111

Source: Processed secondary data, 2024

In table 13 the determination coefficient above shows the R Square value of 0.223, therefore it is concluded that the variables of management compensation and CEO narcissism, auditor reputation, interaction of management compensation with auditor reputation and interaction of CEO narcissism are able to influence the tax management variable by 22.3% while the remaining 77.7% of the tax management variable is influenced by other variables outside this study.

DISCUSSION

Based on the results of the study on the Influence of Management Compensation and CEO Narcissism on Tax Management Moderated by Auditor Reputation in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2021-2023 Period, the following analysis can be carried out:

1. The Impact of Management Compensation on Tax Management

Management Compensation has a negative effect on tax management, which is the first hypothesis in this study. The significance value (sig) of the management compensation variable is 0.003, which is smaller than α (0.05), therefore the decision to accept H0 is obtained with the conclusion that the management compensation variable has a significant positive effect on increasing the tax management variable.

The difference in results with the hypothesis could be caused by the possibility sample in the manufacturing company Compensation Does Not Affect Tax Management, this is because management compensation is basically compensation given by the company to its employees for their achievements, management compensation is very helpful in tax management. One important aspect of a company's human resources is the compensation control system. Especially in terms of things that can reduce profits such as taxes, good compensation will encourage management to carry out good tax management, which is reflected in a low ETR. ETR can also indicate the amount of tax imposed by the company, namely whether tax payments are reduced or excessive from the applicable provisions, as a basis for making decisions for interested parties.

2. The Influence of CEO Narcissism on Tax Management

Narcissism CEO has a negative effect on tax management is the second hypothesis in this study. The significance value (sig) of the CEO narcissism variable is 0.000 which is smaller than α (0.05), therefore the decision to reject H0 is obtained with the conclusion that the CEO narcissism variable has a significant positive effect on increasing the tax management variable.

CEO narcissism (NARC) has a negative impact on corporate tax management statistically, NARC has no significant effect on tax management. Therefore, if the NARC index value increases, CEO narcissism (NARC) cannot directly affect tax management. Therefore, companies managed by narcissistic CEOs will try to perform well, such as making ETR a low company. The results show that narcissist CEOs manage the owner company as the management party. The owner is considered the principal, and the CEO acts as an agent. They are responsible for managing and leading the company's operational activities and programs on the mandate given by the owner. Basically, tax management policies can be influenced by narcissistic CEOs because fraud will harm the company's owners.

3. The Effect of Management Compensation on Tax Management Moderated by Auditor Reputation

The results of the study indicate that management compensation in corporate tax management does not increase with the presence of auditor reputation; in other words, auditor reputation cannot moderate the relationship between management compensation variables and tax management. In other words, with the presence of auditor reputation, the influence of management compensation on tax management cannot be increased or decreased by the company's ETR. According to agency theory, there is an interaction between management and company owners. In this interaction, company owners conduct audits to monitor management performance. To ensure that management's financial statements are of high quality, as indicated by management performance, the results of a reputable auditor's audit are required. Better performance results can increase management compensation. so that audits are needed to prevent fraud.

4. The Influence of CEO Narcissism on Tax Management is Moderated by Auditor Reputation

The results of this research model known as CEO narcissism show that, with the auditor's reputation, the CEO's tendency to be selfish in corporate tax management increases. Hail in shows that the auditor's reputation is able to control the CEO's arrogance towards corporate tax management. In other words, increasing the auditor's reputation can increase the ability of CEO Narcissism to manage tax management. The existence of a low ETR, which means that the tax deferred by the agency is low in making a maximum contribution to the company, indicates good tax management.

According to agency theory, narcissistic CEOs act as agents or management who manage the company's operations. It is very possible for selfish CEOs to get credit for what they achieve. Auditors required by the company's owners about the company's tax management financial statements show whether they are able to increase or weaken the tendency of narcissistic CEOs in managing tax management.

In other words, there is a possibility that legal violations occur during the tax management process and as a result of the audit. The results of this study, like previous research by Olsen & Stekelberg (2016), indicate that there is a role for auditor reputation in moderating CEO narcissism towards tax management.

CONCLUSION

Based on data analysis from 53 manufacturing companies on the Indonesia Stock Exchange for 3 years (2021-2023 period), the following conclusions can be drawn:

1. Management Compensation has a significant positive effect on corporate tax management.

2. *Narcissism* CEO has a negative influence on corporate tax management.
3. Auditor reputation is unable to moderate the relationship between management compensation and tax management.
4. Auditor reputation is able to moderate the relationship between CEO narcissism and tax management.

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