The Firm as Self: CEO Organizational Identification and Corporate Tax Aggressiveness

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Abstract

We examine whether CEO organizational identification (OI), the extent to which CEOs define themselves through their bond with the firm, influences corporate tax aggressiveness. Prior research shows that executives exhibit persistent tax styles, but existing studies largely emphasize incentives, risk preferences, and cognitive traits while overlooking identity-based drivers. Using a panel of U.S. public firms from 2006 to 2020, we construct a composite CEO OI index from six archival signals and relate it to multiple proxies for tax aggressiveness, including tax sheltering, abnormal book–tax differences, and cash effective tax rates (CETR).

We find that CEOs with higher organizational identification engage in less aggressive tax behavior. A one-unit increase in CEO OI is associated with a 9.6% reduction in the odds of tax sheltering, smaller abnormal book–tax differences, and a 1.1 percentage-point increase in CETR. Using a turnover-based difference-in-differences design around CEO turnovers associated with large declines in OI, we further show that firms experiencing a sharp decline in CEO OI subsequently increase tax sheltering relative to other turnover firms, with the increase concentrated in the later post-turnover years. Mechanism tests suggest this effect reflects deliberate self-restraint rather than limited sophistication. High OI CEOs selectively exploit tax opportunities to benefit the firm without crossing into reputational damage, thereby attenuating the negative OI–tax aggressiveness relation when safe planning opportunities are salient. Furthermore, OI acts as a shield against personal risk-taking incentives: even under high risk incentives (Vega), high-OI CEOs refrain from aggressive sheltering. Overall, we document that CEO OI functions as an internal governance mechanism that filters out opaque, reputation-threatening tax strategies.

Keywords: CEO organizational identification, tax aggressiveness, tax sheltering, corporate governance, executive traits

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1 Introduction

Corporate tax aggressiveness presents a fundamental strategic trade-off. While aggressive tax planning can generate substantial after-tax cash flow benefits, it also exposes firms to enforcement risk, reputational damage, political scrutiny, and potential stock price crashes. Despite a large literature examining the determinants of tax avoidance (Armstrong et al., 2015; Chen et al., 2010; Hanlon and Heitzman, 2010), firms display persistent and economically meaningful heterogeneity in their tax outcomes that is not fully explained by observable firm characteristics or formal governance mechanisms. Why do some firms consistently engage in opaque, shelter-like tax strategies while others exercise restraint?

A major advance in answering this question came from the managerial styles literature. Dyreng et al. (2008) show that executives leave persistent tax footprints that travel across firms, indicating that tax policy reflects stable managerial tendencies rather than firm characteristics alone. Subsequent research links tax outcomes to CEO traits, including overconfidence, risk-taking incentives, political ideology, and managerial ability (Baghdadi et al., 2022; Chyz et al., 2019; Francis et al., 2016; Koester et al., 2017). This literature establishes that "who the CEO is" matters for corporate tax behavior. However, it has largely emphasized cognitive biases and incentive alignment, while paying limited attention to deeper identity-based attributes that shape how executives internalize the long-term consequences of their decisions.

In this study, we examine whether CEO organizational identification, defined as the extent to which the CEO incorporates the organization into their self-concept (Ashford and Barton, 2007; Ashforth and Mael, 1989), influences corporate tax aggressiveness. Organizational identification originates in social identity theory (Ashforth and Mael, 1989). Organizational identification posits that individuals with strong identification experience the organization's successes and failures as self-relevant and derive part of their identity from membership in the firm (Mael and Ashforth, 1992). For example, employees with higher OI are more likely to engage in extra-role behaviors, such as helping colleagues, defending the organization in the face of criticism, and complying with norms even in the absence of direct monitoring (Bartel, 2001). They are also less inclined to pursue actions that would harm the organization's reputation or long-term interests. Among senior managers and executives, OI has been linked to more

cooperative decision-making and a greater willingness to bear personal costs for organizational benefit (Abernethy et al., 2017; Boivie et al., 2011; Reina et al., 2014). Boivie et al. (2011), for example, argue that highly identified CEOs act as stewards rather than purely self-interested agents. Because they experience the organization as an extension of the self, they place intrinsic weight on its welfare and are less inclined to exploit informational advantages for private gain. Abernethy et al. (2019) provides further evidence that CEOs with higher OI are less likely to cut R&D and other long-term investments to meet short-term performance targets, suggesting that OI mitigates myopic behavior and supports value-creating, long-horizon strategies. Unlike tenure, ownership, or entrenchment, identification is not merely a function of economic incentives or structural position. Rather, it captures a psychological attachment that shapes how decision-makers weigh trade-offs among organizational welfare, reputation, and long-horizon consequences.

Tax planning provides a particularly sharp setting to study the implications of CEO identification. Aggressive tax avoidance lies at the opaque and high-risk end of a continuum that ranges from transparent planning consistent with legislative intent to complex sheltering strategies that rely on regulatory arbitrage (Dyreng et al., 2008). While such strategies can enhance short-term performance, they also heighten exposure to penalties, regulatory intervention, and reputational backlash. For a highly identified CEO, these downside risks are not purely financial. Because external evaluations of the firm become self-relevant, potential damage to organizational legitimacy and standing is internalized more strongly. Drawing on stewardship theory (Davis et al., 1997) and the organizational identification literature, we argue that CEOs with higher identification are more likely to act as stewards of the firm's long term reputation and therefore less willing to pursue highly aggressive, opaque tax strategies. Although identification could in principle motivate resource maximization[1], we contend that reputational internalization and long-horizon concern dominate in the tax context.

We test this prediction using a panel of U.S. public firms from 2006 to 2020 constructed from Compustat, ExecuComp, and BoardEx. Following prior archival work on CEO identification (Abernethy et al., 2019), we construct a composite organizational identification index

[1]For example, a highly identified CEO, viewing the firm as an extension of self, might wish to maximize after-tax resources for their organization and could thus be more tolerant of aggressive tax strategies.

comprising six structural and career-related signals: founder status, insider origin, internal promotion, tenure, equity ownership, and role breadth.[2] We relate this measure to multiple proxies for tax aggressiveness that capture distinct dimensions of risky tax behavior: an indicator for tax sheltering activity, abnormal book tax differences, and cash effective tax rates.

Across specifications with extensive firm controls and industry and year fixed effects, CEO organizational identification is negatively associated with tax aggressiveness. A one-unit increase in the OI index is associated with a 9.6% reduction in the odds that the firm engages in tax sheltering, a 1.2 percentage point decline in abnormal book-tax differences, and a 1.1 percentage point increase in the cash effective tax rate. These results hold after controlling for various CEO characteristics, compensation incentives, board characteristics, and other governance variables, suggesting that organizational identification captures a distinct psychological dimension beyond incentives and observable traits.

To further probe endogeneity concerns, we exploit CEO turnover events that generate sharp changes in organizational identification. Using a turnover-based difference-in-differences design, we find that firms experiencing a significant decline in CEO identification following CEO turnover exhibit an increase in tax sheltering relative to other turnover firms. Pre-event trends are statistically indistinguishable from zero, consistent with the parallel trends assumption, while the post-event increase is concentrated in the later post-turnover years. This supplementary turnover-based evidence helps alleviate concerns that identification merely proxies for unobserved firm characteristics or stable tax cultures.

We further explore the mechanisms through which organizational identification operates. First, we distinguish between a capability-based explanation and an internal governance explanation. If high-identification CEOs avoid aggressive tax planning due to limited sophistication, their conservatism should intensify as tax planning opportunities (proxied by the industry-year dispersion in the cash effective tax rate) expand. Instead, we find that identification-driven restraint attenuates when the opportunity set contains more plausibly

[2]Specifically, the index aggregates information on whether the CEO is a founder of the firm, whether they were internally promoted from a divisional head, whether they are classified as an internal rather than an external hire, their tenure as CEO, their equity ownership stake, and the number of key leadership roles they concurrently hold.

defensible planning options, indicating selective rather than blanket conservatism. Second, we show that organizational identification moderates the positive association between option-based risk-taking incentives and tax aggressiveness. High-identification CEOs appear less willing to exploit volatility-driven incentives to implement opaque sheltering strategies, consistent with identification functioning as an internal governance mechanism that filters risk-taking through a long-term organizational lens.

This study contributes to several literatures. First, we extend research on the determinants of corporate tax avoidance by introducing CEO organizational identification as a novel managerial driver of tax policy. While prior work emphasizes governance, incentives, risk preferences, and political orientation (Armstrong et al., 2015; Dyreng et al., 2010; Graham et al., 2014; Hanlon and Heitzman, 2010), we show that identity-based attachment systematically shapes firms' willingness to engage in aggressive tax behavior. Second, we contribute to upper echelons research (Bertrand and Schoar, 2003; Hambrick and Mason, 1984; Malmendier and Tate, 2005), by demonstrating that identity-based heterogeneity has material consequences in a high-stakes fiscal domain. Our evidence suggests that psychological attachment, not only demographic characteristics or incentive contracts, influences corporate financial policy. Third, we inform the debate on corporate governance and responsible tax behavior by documenting that internal, identity-based stewardship at the apex of the firm can constrain opaque and reputation-threatening tax strategies, even in the presence of formal risk-taking incentives.

Overall, our findings indicate that CEO organizational identification functions as an internal governance mechanism that shapes corporate tax outcomes. By internalizing the firm's long term reputation and legitimacy, highly identified CEOs appear less inclined to push tax planning into its most aggressive and opaque forms. These results highlight identity as a central but previously underexplored dimension of managerial style in corporate taxation.

The rest of our paper is structured as follows: Section 2 reviews the prior literature and develops our hypothesis, Section 3 describes the data and methodology used in the empirical analysis, Section 4 presents empirical results, and Section 5 concludes the study.

2 Literature review and hypothesis development

2.1 CEO characteristics and corporate tax aggressiveness

Upper echelons theory posits that organizational outcomes reflect the experiences, values, and dispositions of top executives (Hambrick and Mason, 1984). Consistent with this view, accounting and finance research increasingly shows that managerial characteristics shape important corporate policies, including financing, investment, disclosure, and tax decisions (Bertrand and Schoar, 2003; Boivie et al., 2011; Demerjian et al., 2012; Dyreng et al., 2010; Malmendier and Tate, 2005). A central implication of this literature is that firms are not fully characterized by observable economic fundamentals alone; instead, strategic choices also reflect persistent managerial styles and preferences.

This insight is especially salient in the tax setting. Using a manager fixed-effects approach that tracks executives across firms, Dyreng et al. (2010) show that top executives exert a significant influence on corporate tax outcomes. Their evidence suggests that CEOs shape the "tone at the top" regarding tax planning by affecting the prioritization of tax relative to other functions, the allocation of resources to internal tax personnel, and the use of external advisors. Since Dyreng et al. (2010), a growing literature has examined which specific executive characteristics explain cross-sectional variation in tax aggressiveness.

Existing studies identify several distinct channels. First, managerial ability affects the capacity to recognize and implement tax planning opportunities. Using the managerial ability measure developed by Demerjian et al. (2012), Koester et al. (2017) show that more able managers achieve lower cash effective tax rates. Importantly, they interpret this result not as evidence of indiscriminate aggressiveness, but as indicating that more capable executives are better able to pursue tax savings through comparatively transparent channels, such as state tax planning, foreign income shifting, research and development credits, and investment in assets that permit accelerated depreciation. Their evidence therefore highlights that tax outcomes reflect not only willingness to avoid tax, but also the sophistication with which executives identify and execute tax strategies.

Second, several studies emphasize the role of executive psychology and risk preferences. Olsen and Stekelberg (2016) find that narcissistic CEOs are more likely to engage in tax sheltering, consistent with the view that narcissistic individuals focus disproportionately on

the upside of risky actions while discounting potential costs. Similarly, Chyz et al. (2019) document a positive association between CEO overconfidence and tax avoidance, arguing that overconfident executives overestimate the expected benefits of tax sheltering and underweight its direct and indirect costs. Relatedly, Baghdadi et al. (2022) show that CEOs with stronger risk-seeking tendencies are more likely to pursue aggressive tax strategies, particularly when external monitoring is weak. Together, these studies suggest that some executives are more willing than others to embrace risky, opaque tax positions because they perceive the tradeoff between tax savings and downside risk differently.

Third, tax research also shows that managerial ideology and incentives shape tax choices. Francis et al. (2016) find that CEOs' political leanings are associated with differences in tax avoidance behavior, suggesting that executives' views regarding taxation and the role of government can affect their willingness to pursue aggressive tax positions. More broadly, this stream of research indicates that tax policy is not merely a technical function. It is a strategic domain in which managerial beliefs, preferences, and incentives matter.

Although this literature establishes that CEOs shape corporate tax outcomes, existing explanations focus primarily on managerial ability, cognitive bias, dispositional risk preferences, and incentive alignment. These perspectives explain why some CEOs are more capable of identifying tax opportunities or more willing to tolerate the risks associated with aggressive tax strategies. However, they say less about whether CEOs differ in the extent to which they psychologically internalize the firm's long-run welfare when evaluating tax choices. This omission is important because tax aggressiveness is not uniformly value-enhancing. Some forms of tax planning are relatively transparent and efficient, whereas more aggressive strategies can increase opacity, invite scrutiny, and facilitate managerial opportunism (Desai and Dharmapala, 2006; Hanlon and Heitzman, 2010). This distinction motivates our focus on CEO organizational identification.

2.2 Tax aggressiveness as an agency and governance problem

Research on tax avoidance increasingly recognizes that aggressive tax behavior is not unambiguously beneficial to shareholders. Although tax planning can reduce cash outflows and increase after-tax profits, more aggressive forms of avoidance can also create agency costs by reducing transparency and obscuring the firm's underlying economics (Desai and

Dharmapala, 2006; Hanlon and Heitzman, 2010). In this view, tax aggressiveness is best understood as a strategic domain in which tax savings must be weighed against information risk, enforcement risk, and the possibility that managers use complexity to conceal rent extraction.

Desai and Dharmapala (2006) articulate this agency-based perspective most clearly. They argue that when tax avoidance reduces transparency, it can complement managerial rent extraction by making it harder for outsiders to monitor the firm. Consistent with this argument, they find that the relation between equity-based compensation and tax avoidance depends on governance quality. In poorly governed firms, stronger equity incentives are associated with less tax avoidance, which they interpret as evidence that tax aggressiveness may sometimes reflect managerial opportunism rather than shareholder value maximization. This perspective implies that aggressive tax strategies can be privately attractive to managers even when they are not fully aligned with shareholders' preferences.

Subsequent research develops this insight by examining how incentive contracts shape tax risk-taking. Because aggressive tax avoidance often entails uncertain payoffs and non-trivial downside risk, studies frequently distinguish between different components of equity incentives. Armstrong et al. (2015) note that the effect of delta is theoretically ambiguous because it can both encourage value-enhancing actions that raise stock price and increase the executive's exposure to firm risk. By contrast, vega more directly captures the sensitivity of executive wealth to stock return volatility and therefore provides a cleaner measure of incentives to undertake risky strategies. Consistent with this logic, Rego and Wilson (2012) find that executives with higher vega engage in more aggressive tax avoidance, suggesting that stronger risk-taking incentives can push managers toward tax positions that may exceed shareholders' preferred level of tax risk. This interpretation is also consistent with Chen et al. (2010), who argue that the benefits of tax avoidance must be balanced against the possibility that managers exploit tax complexity for private purposes.

A related stream of research examines how external governance constrains aggressive tax behavior. Robinson et al. (2012) show that audit committees with greater accounting expertise are less likely to permit risky tax planning or tax sheltering. Using quintile regressions, Armstrong et al. (2015) similarly find that among the most tax aggressive firms,

stronger board financial expertise and board independence are associated with lower levels of tax avoidance. Ownership structure also matters. Chen et al. (2010) report that family firms are less tax aggressive than nonfamily firms, which they interpret as reflecting concerns about reputational costs and the protection of minority shareholders. McGuire et al. (2014) document a similar negative relation between dual-class ownership and tax aggressiveness. Institutional monitoring appears to play a related role. Cheng et al. (2012) find that firms targeted by hedge fund activists exhibit lower tax avoidance, while Khurana and Moser (2013) show that long-term institutional ownership is associated with reduced tax avoidance, particularly in poorly governed firms. In the Chinese setting, Guo et al. (2023) further show that institutional investor site visits affect tax avoidance, especially among firms already exhibiting high levels of tax aggressiveness.

Taken together, this literature suggests that tax aggressiveness is shaped by two broad governance forces. The first is *contractual incentives*, which can encourage executives to assume greater tax risk. The second is *external monitoring*, which can constrain the use of opaque or excessively risky tax strategies. Yet both mechanisms remain incomplete because they rely on formal contracts or outside oversight. This leaves open the possibility that an executive's internal motivation, specifically the degree to which the executive identifies with the organization, may independently shape the willingness to engage in aggressive tax behavior. Our study contributes to this literature by examining CEO organizational identification as a distinct internal governance mechanism.

2.3 CEO organizational identification as an internal governance mechanism

Organizational identification refers to the extent to which an individual's self-concept is intertwined with the organization to which the individual belongs (Cole and Bruch, 2006). Rooted in social identity theory (Tajfel et al., 1979), organizational identification implies that individuals derive utility not only from private payoffs but also from actions that advance the welfare and standing of the organization (Akerlof and Kranton, 2000; Dutton et al., 1994; Hogg and Turner, 1985). When identification is strong, the organization becomes part of the individual's sense of self. As a result, actions that benefit the organization can generate psychological utility, whereas actions that harm the organization can impose psychological disutility (Akerlof and Kranton, 2000).

Research in organizational behavior and strategy suggests that stronger organizational identification increases the likelihood that individuals voluntarily undertake actions that benefit the organization and its stakeholders (Abernethy et al., 2017; Akerlof and Kranton, 2000; Ashford and Barton, 2007; Boivie et al., 2011; Dukerich et al., 2002). In the corporate governance literature, Boivie et al. (2011) were among the first to apply this logic to CEOs. Using survey-based measures of CEO organizational identification, they show that higher CEO OI is associated with lower agency costs, including a weaker decoupling of compensation and perquisites from firm performance. They further document that CEO OI substitutes for board independence, indicating that internal identity-based alignment can partially replace external governance mechanisms.

Subsequent studies extend this insight. Abernethy et al. (2017) show that stronger CEO OI mitigates earnings management induced by performance-based compensation. Their evidence suggests that OI and incentive contracts can operate synergistically: identification increases the effectiveness of incentives by making executives more likely to pursue actions that enhance firm value rather than exploit the contract opportunistically. Abernethy et al. (2019) develop an archival measure of CEO OI and show that CEOs with stronger identification exhibit less myopic behavior near retirement, including less reduction in research and development, less retrenchment in corporate social responsibility, and less opportunistic disclosure behavior. These findings indicate that OI can attenuate classic agency problems, including earnings manipulation and horizon problems, even when formal contracts remain unchanged.

Related work also suggests that OI can shape how other executive traits affect organizational outcomes. For example, Reina et al. (2014) find that CEO OI moderates the effect of CEO narcissism on top management team integration and firm performance. More generally, this line of research implies that OI does not simply replace incentives or executive traits; rather, it can redirect how such traits are expressed in organizational decision-making. When executives strongly identify with the firm, personal tendencies that might otherwise produce self-serving or excessively risky behavior may be channeled toward actions that are more consistent with organizational welfare.

Despite these advances, prior OI research has not examined corporate tax aggressiveness. This omission is notable because tax strategy is precisely the kind of discretionary domain

in which the CEO's private incentives and the firm's long-run interests can diverge. Existing evidence suggests that OI reduces agency costs, substitutes for external governance, and moderates opportunistic responses to incentives (Abernethy et al., 2017, 2019; Boivie et al., 2011). These features make tax aggressiveness a natural and theoretically powerful setting in which to study the consequences of CEO OI.

2.4 Hypothesis development

We argue that CEO organizational identification should reduce corporate tax aggressiveness. Organizational identification embeds the firm in the executive's self-concept, shifting the executive's utility away from purely private payoffs and toward the broader welfare of the organization (Akerlof and Kranton, 2000; Ashford and Barton, 2007; Boivie et al., 2011; Dutton et al., 1994). When identification is strong, executives are more likely to evaluate discretionary choices through a longer-horizon, stewardship-oriented lens. In this sense, OI can function as an internal governance mechanism: identity-based alignment reduces the appeal of actions that may generate short-term gains but expose the firm to opaque and difficult-to-monitor downside risks.

Corporate tax policy provides a particularly suitable setting for this prediction because tax avoidance is heterogeneous. Some tax planning is relatively transparent and can be value-enhancing, whereas more aggressive forms of avoidance, such as tax sheltering or unusually large book–tax gaps, may increase opacity and create conditions under which managerial opportunism is more difficult to detect (Desai and Dharmapala, 2006; Hanlon and Heitzman, 2010). Indeed, prior research suggests that complex tax structures can obscure firm activities and facilitate rent extraction (Desai et al., 2007). If OI aligns the executive's utility more closely with the firm's long-run interests, then higher OI should reduce the propensity to pursue those forms of tax planning that are especially opaque, risky, or likely to damage the firm's standing.

This prediction also follows from the way OI reshapes the executive's perception of downside risk. Aggressive tax avoidance is associated with a variety of potential costs, including higher information risk, reputational concerns, and adverse financing consequences. Prior studies link aggressive tax behavior to higher stock price crash risk (Kim et al., 2011), a higher cost of equity (Goh et al., 2016), and less favorable credit outcomes (Hasan et al.,

2014). Executives who strongly identify with the organization are more likely to internalize these consequences because the firm's reputation and long-run stability become self-relevant (Dutton et al., 1994). As a result, they should be less willing to pursue tax positions that generate near-term tax savings at the cost of heightened long-run organizational risk.

Importantly, our argument does not imply that high-OI CEOs are less capable of recognizing tax planning opportunities or unwilling to reduce taxes under all circumstances. Rather, the key prediction is *selectivity*. High-OI CEOs should remain willing to pursue tax planning when it is transparent, defensible, and clearly value-enhancing, but they should be less likely to engage in opaque, shelter-like strategies that heighten agency concerns or expose the firm to substantial reputational and enforcement risk. This distinction is consistent with prior work showing that tax avoidance can range from relatively efficient planning to more aggressive forms that are harder to justify on purely shareholder-value grounds (Armstrong et al., 2015; Desai and Dharmapala, 2006; Hanlon and Heitzman, 2010).

Our empirical tests therefore focus on tax outcomes that capture the more aggressive end of the tax planning spectrum, including tax sheltering, abnormal book–tax differences, and lower cash effective tax rates. In this setting, if CEO organizational identification functions as an internal governance mechanism, firms led by high-OI CEOs should exhibit less aggressive tax behavior.

H1. CEOs with stronger organizational identification engage in less corporate tax aggressiveness.

This framework also yields two related empirical predictions. First, because our argument centers on the disciplining of *aggressive* rather than all tax planning, the negative association between OI and tax aggressiveness should weaken when transparent tax planning opportunities are especially abundant. In such settings, high-OI CEOs may still reduce taxes, but they can do so through channels that are less opaque and less likely to create agency costs (Dyreng et al., 2008; Koester et al., 2017). Second, because OI aligns the executive's utility more closely with the firm's long-run welfare, it should temper the tendency for strong risk-taking incentives to push managers toward excessively aggressive tax positions. Accordingly, the positive relation between vega and tax aggressiveness should be weaker when CEO OI

is high (Armstrong et al., 2015; Rego and Wilson, 2012). We treat these as cross-sectional implications of the main hypothesis rather than as separate formal hypotheses.

3 Methodology

3.1 Data and Sample

Our sample is constructed from Compustat, BoardEx, and ExecuComp. The population of interest consists of U.S.-incorporated, publicly traded firms listed on a major U.S. exchange (NYSE, NASDAQ, or AMEX) between 2006 and 2020. To mitigate survivorship bias, we retain both active and delisted firms. Following Chen et al. (2010), we exclude financial institutions (SIC codes 6000–6999), which operate under distinct regulatory and reporting regimes.

Firm-level accounting and market data are obtained from Compustat. After constructing firm-level variables and ensuring a unique *gvkey*–year observation, the working panel contains 118,432 firm-year observations. We then merge these data with CEO biographical and ownership information from BoardEx and ExecuComp using standard identifiers (e.g., CUSIP-to-*gvkey* mappings). The final estimation sample contains 13,391 firm-year observations for which the CEO organizational identification proxy, tax aggressiveness measures, and control variables are available. The reduction in sample size primarily reflects the intersection of BoardEx biographical coverage, ExecuComp executive ownership data, and the data requirements needed to construct the archival organizational identification measure and tax variables. Table 1, Panels A and B, report the distribution of observations by year and industry.

Insert Table 1 Here

3.2 Baseline Empirical Design

To examine whether CEO organizational identification is associated with corporate tax aggressiveness, we estimate the following baseline specification:

$$TaxAgg_{i,t} = \alpha + \beta_1 OI_{i,t} + \mathbf{X}'_{i,t}\boldsymbol{\beta} + \delta_{j(i)} + \tau_t + \varepsilon_{i,t}, \tag{1}$$

where i indexes firms, t indexes fiscal years, and $j(i)$ denotes the industry of firm i. $TaxAgg_{i,t}$ is a proxy for tax aggressiveness, $OI_{i,t}$ is the CEO organizational identification measure, and $\mathbf{X}_{i,t}$ is a vector of firm-level controls motivated by the tax avoidance literature. $\delta_{j(i)}$ denotes

two-digit SIC industry fixed effects and τ_t denotes year fixed effects. Standard errors are clustered at the firm level.

Equation 1 summarizes the empirical design. We estimate logit models when the dependent variable is the indicator-based tax shelter measure and report the logit coefficients. For interpretability, we later translate the main OI coefficient into an odds-ratio effect. For continuous measures of tax aggressiveness, including abnormal book–tax differences and the cash effective tax rate, we estimate ordinary least squares (OLS) regressions. Our prediction is that higher CEO organizational identification is associated with lower tax aggressiveness, implying $\beta_1 < 0$ when the dependent variable captures more aggressive tax behavior and $\beta_1 > 0$ when the dependent variable is *CETR*.

We do not include firm fixed effects in the baseline specification because the archival OI measure is designed to capture a relatively stable executive trait and therefore exhibits limited within-firm time-series variation. This approach is consistent with prior work that avoids firm fixed effects when the focal executive characteristic changes only slowly over time (e.g., Ghaly et al., 2020). We treat Equation 1 as the baseline specification and later supplement it with additional analyses designed to probe endogeneity concerns. Variable definitions are provided in Appendix A.

3.3 Measurement of CEO Organizational Identification

Organizational identification (OI) refers to the extent to which an individual defines the self in terms of membership in, and attachment to, the organization (Ashforth and Mael, 1989; Dutton et al., 1994). In the executive literature, OI is typically measured using survey instruments, most notably the six-item scale developed by Mael and Ashforth (1992), which has been widely applied in studies of top managers (Abernethy et al., 2017; Boivie et al., 2011; Lange et al., 2015; Reina et al., 2014). Survey-based measures offer direct access to self-perceptions, but they are difficult to implement in large-sample archival settings because of limited response rates, selective participation, and concerns about social desirability and common method bias.

Accordingly, we follow Abernethy et al. (2019), who develop an archival proxy for CEO organizational identification using publicly observable executive characteristics that theory suggests are associated with stronger identification with the firm. Specifically, the proxy

incorporates six CEO-level indicators: *FOUNDER* (an indicator equal to one if the CEO founded the firm), *DEPMANAGER* (an indicator equal to one if the CEO previously managed a department within the firm), *INSIDER* (an indicator equal to one if the CEO was internally promoted), *CEOTENURE* (years the CEO has been affiliated with the firm), *ROLES* (the number of functional positions held within the firm prior to the current role), and *CEO_EQUITY* (the CEO's equity ownership stake).

These observable characteristics plausibly capture antecedents or manifestations associated with stronger organizational identification. Founder status reflects an especially direct connection between personal and organizational identity (e.g., Abebe et al., 2020; Lee et al., 2020; Wang et al., 2022). Internal promotion, prior departmental management, longer organizational tenure, and broader prior role experience reflect deeper organizational embeddedness, socialization, and firm-specific ties (Bauer et al., 2007; Brown, 2022; Mobbs and Raheja, 2012; Reitzes and Mutran, 1994; Riketta, 2005; Riketta et al., 2006). CEO equity ownership may also reinforce psychological ownership and stewardship toward the organization (Dawkins et al., 2017; Pierce et al., 2001). As with most archival proxies for executive traits, however, these observable attributes are not unique to organizational identification and may also capture related constructs such as firm-specific human capital, internal labor market embeddedness, or incentive alignment. Accordingly, we interpret the measure as a theory-guided archival proxy rather than as a direct psychological measure.

Following Abernethy et al. (2019), we construct the composite OI measure in two steps. First, we perform a principal component analysis (PCA) using the six indicators and retain the two common factors with eigenvalues greater than one. Second, we compute the OI index as the weighted sum of these two retained factors, where the weights correspond to each factor's proportion of explained variance. Abernethy et al. (2019) provide evidence of convergent validity by replicating the Lange et al. (2015) survey-based specification with the archival measure and obtaining substantively similar patterns for key OI antecedents. Given its prior use, theoretical grounding, and scalability to a large archival panel, we employ this composite measure as our primary proxy for CEO organizational identification.

Because organizational identification is inherently cognitive and affective, no archival measure can directly observe the construct in the same way as a survey instrument. To

provide qualitative triangulation, we examine several CEOs with the highest OI scores in the sample and document them in our appendix. Appendix B provides qualitative, illustrative evidence of the measure's face validity by drawing on cases from practice. These cases are illustrative only and are not intended as causal evidence. Rather, they provide face-validity evidence that the archival proxy identifies executives whose observed behaviors align with theoretical expectations of strong organizational identification (Ashforth and Mael, 1989; Dutton et al., 1994).

3.4 Measures of Tax Aggressiveness

Consistent with Hanlon and Heitzman (2010), no single proxy perfectly captures tax aggressiveness. We therefore employ three complementary measures. Our primary dependent variable is an indicator of tax sheltering (*Shelter*). Following Wilson (2009), we compute a firm-year *ShelterScore* using Wilson's published coefficients:

$$\begin{aligned} ShelterScore_{i,t} = &-4.86 + 5.20 \cdot BTD_{i,t} + 4.08 \cdot DAP_{i,t} - 1.41 \cdot LEV_{i,t} \\ &+ 0.76 \cdot \ln(AT_{i,t}) + 3.51 \cdot ROA_{i,t} + 1.72 \cdot FI_{i,t} + 2.43 \cdot RD_{i,t}. \end{aligned} \tag{2}$$

We define *Shelter* as an indicator equal to one for firm-years that fall into the top quintile of *ShelterScore* in the source Compustat sample used to construct the proxy. This measure is commonly interpreted as capturing the opaque and aggressive end of the tax avoidance spectrum when direct identification of sheltering activity is infeasible (e.g., Baghdadi et al., 2022; Rego and Wilson, 2012). Because the tax shelter proxy is constructed before the subsequent merge with OI data and the later sample restrictions, the proportion of observations with $Shelter = 1$ in the final estimation sample need not equal 20%. In specifications using *Shelter* as the dependent variable, we estimate logit models and report the logit coefficients. As a robustness check, we also estimate linear probability models, which yield similar inferences.

Our second measure of tax aggressiveness is abnormal book–tax differences (BTD_DD). To capture the abnormal component of book–tax differences, we follow the Desai–Dharmapala approach (Desai and Dharmapala, 2006). Specifically, we first compute book–tax differences (BTD) and total accruals (TA), both scaled by lagged assets, and winsorize each variable at the 1st and 99th percentiles. We then estimate the following firm fixed-effects model:

$$BTD_{i,t} = \alpha_i + \gamma_1 TA_{i,t} + u_{i,t}, \tag{3}$$

where α_i denotes firm fixed effects and TA denotes total accruals scaled by lagged assets. We obtain the residual $\hat{u}_{i,t}$, compute its firm-specific mean $\bar{u}_i$, and define BTD_DD as $\bar{u}_i + \hat{u}_{i,t}$. In the empirical analyses, we use the winsorized version of this measure. Higher values of BTD_DD indicate larger abnormal book–tax differences and are interpreted as more aggressive tax behavior.

Our final measure of tax aggressiveness is the Cash effective tax rate ($CETR$). To capture overall cash tax payments, we compute $CETR$ as cash taxes paid divided by pretax income less special items (Baghdadi et al., 2022; Cen et al., 2017; Kim et al., 2011). Following standard practice, we set $CETR$ to missing when the denominator is non-positive and truncate values to the unit interval. Although $CETR$ does not isolate aggressive tax strategies (Hanlon and Heitzman, 2010), more aggressive avoidance should, on average, be associated with lower cash taxes paid. Accordingly, we predict a positive association between CEO OI and $CETR$ (Dyreng et al., 2019).

3.5 Control Variables

Following prior research on corporate tax avoidance, we include a standard set of firm-level controls associated with tax planning opportunities, effective tax rates, and book–tax differences (e.g., Baghdadi et al., 2022; Cen et al., 2017; Chen et al., 2010; Dyreng et al., 2008; Kim et al., 2011; Rego, 2003). Specifically, we control for firm size (a centered log market value of equity measure, $FSIZE$), market-to-book (MTB), profitability (ROA), leverage (LEV), property, plant, and equipment (PPE), net operating loss carryforwards (NOL), intangible assets ($INTAN$), R&D intensity (RD), foreign income (FI), equity method income ($EQINC$), and pretax cash flow scaled by lagged assets ($PICFO$). Collectively, these controls capture variation in tax outcomes related to firm scale, profitability, capital structure, asset mix, growth opportunities, tax attributes, and international operations rather than to CEO characteristics (Gupta and Newberry, 1997; Hanlon and Heitzman, 2010). All continuous variables are winsorized at the 1st and 99th percentiles. Detailed variable definitions are reported in Appendix A.

4 Empirical Results

4.1 Descriptive statistics and univariate evidence

Table 1 reports the distribution of the sample across years and industries. The final sample comprises 13,391 firm–year observations from 1,879 distinct non-financial U.S. public firms over the period 2006 to 2020. The annual distribution is reasonably balanced, and the sample spans a broad set of Fama–French 12 industries, with manufacturing and business equipment accounting for the largest shares. This breadth helps mitigate concerns that the findings are driven by a narrow set of sectors or by unusual conditions in a small number of years.

Panel A of Table 2 presents descriptive statistics for the variables used in the main analyses. All continuous variables are winsorized at the 1st and 99th percentiles. The mean value of *Shelter* is 0.384, indicating that 38.4% of firm–year observations in the final estimation sample are classified as tax sheltering firms under the study's threshold-based measure. This share exceeds 20% because the *Shelter* indicator is defined using the top quintile of *ShelterScore* in the source Compustat sample before the later OI merge and sample restrictions are imposed. This unconditional prevalence is broadly comparable to the incidence of aggressive tax planning documented in prior work using related shelter-based classifications (Dyreng et al., 2010). The mean value of BTD_DD is 0.447, with a median of 0.437, indicating meaningful cross-sectional variation in the abnormal book–tax differences measure. The magnitude and dispersion are broadly in line with prior research using abnormal book–tax differences as a proxy for aggressive tax reporting (Dyreng et al., 2010; Frank et al., 2009). The mean value of *CETR* is 0.226, with a median of 0.201, suggesting that the typical firm in the sample remits cash taxes equal to roughly 20% to 23% of pretax income net of special items. This level is lower than that reported in earlier periods, which is consistent with the documented decline in corporate effective tax rates over time (Dyreng et al., 2017).

The key explanatory variable, *OI*, also exhibits substantial variation. The mean is 0.185, the standard deviation is 0.824, the median is −0.053, and the interquartile range runs from −0.466 to 0.643. This dispersion is desirable for identification and is consistent with the view that organizational identification varies meaningfully across CEOs. The distribution is also broadly comparable to prior archival implementations of CEO organizational identification (Abernethy et al., 2019). The remaining control variables appear economically plausible

and display sufficient variation for multivariate analysis. For example, firms are, on average, moderately profitable and moderately levered, while measures of intangible intensity, capital intensity, R&D, foreign operations, and internal cash generation all show substantial heterogeneity across observations.

Panel B of Table 2 reports univariate comparisons after partitioning the sample into above-mean and below-mean CEO OI observations. The univariate patterns are consistent with the paper's central prediction. Firms led by above-mean OI CEOs exhibit a lower incidence of tax sheltering (*Shelter* = 0.345 versus 0.404), smaller abnormal book–tax differences (*BTD_DD* = 0.434 versus 0.457), and higher cash effective tax rates (*CETR* = 0.230 versus 0.221). The differences are statistically significant at conventional levels. Although these comparisons do not account for correlated firm characteristics, they provide initial evidence that stronger CEO organizational identification is associated with less aggressive tax behavior.

Table 3 reports pairwise Pearson correlations and variance inflation factors. CEO OI is negatively correlated with *Shelter* ($\rho = -0.09$) and *BTD_DD* ($\rho = -0.04$), and positively correlated with *CETR* ($\rho = 0.03$). While these correlations are modest in magnitude, that is unsurprising given the multifactorial nature of corporate tax outcomes. Importantly, they are directionally consistent with the hypothesis and motivate the multivariate analysis that follows. Correlations among the control variables are generally moderate, and the variance inflation factors remain below conventional concern thresholds, with a maximum VIF of 6.99, suggesting that multicollinearity is unlikely to materially distort the subsequent regression estimates.

Insert Table 1 Here

Insert Table 2 Here

Insert Table 3 Here

4.2 Baseline regression results

Table 4 presents the baseline multivariate tests of the relation between CEO organizational identification and corporate tax aggressiveness. The specifications include industry and year fixed effects, and standard errors are clustered at the firm level. This design follows common practice in the tax avoidance literature and helps account for persistent industry differences in tax planning, as well as common time-series shocks (e.g., Chen et al., 2010; Dyreng et al.,

2010; Rego, 2003).

The results provide consistent support for the central hypothesis. In Column (1), the dependent variable is *Shelter*, a binary indicator that equals one if the firm is classified as engaging in tax sheltering activity, following the literature on shelter-based tax avoidance measures (Wilson, 2009). The coefficient on *OI* is negative and statistically significant (coefficient $= -0.101$, $p < 0.01$). Because Column (1) is estimated using a logit model, the coefficient is best interpreted in log-odds terms. Converting the estimate to an odds-ratio interpretation implies that a one-unit increase in CEO OI is associated with an approximately 9.6% reduction in the odds of tax sheltering, holding other factors constant. This is economically meaningful, particularly given the observed dispersion in the OI measure.

Columns (2) and (3) show that the result is not confined to the binary shelter proxy. In Column (2), where the dependent variable is BTD_DD, the coefficient on *OI* is negative and statistically significant (coefficient $= -0.012$, $p < 0.05$). This indicates that firms led by more strongly identified CEOs exhibit smaller abnormal book–tax differences, consistent with less aggressive tax planning and a smaller unexplained gap between book and taxable income (Desai and Dharmapala, 2006; Frank et al., 2009). In Column (3), where the dependent variable is *CETR*, the coefficient on *OI* is positive and significant (coefficient $= 0.011$, $p < 0.01$), implying that firms led by higher-OI CEOs pay higher cash effective tax rates. Taken together, the three baseline specifications point to the same conclusion: stronger CEO organizational identification is associated with lower corporate tax aggressiveness.

The control variables generally load in economically sensible directions and are broadly consistent with prior work. For example, larger firms are more likely to be classified as sheltering firms, consistent with the view that size proxies for organizational complexity and access to sophisticated tax planning resources (Dyreng et al., 2008; Rego, 2003). More profitable firms are also more likely to shelter income, which is intuitive because profitable firms face stronger incentives to reduce tax liabilities (Dyreng et al., 2008). Leverage is negatively associated with *Shelter*, consistent with the traditional substitution between debt tax shields and non-debt tax avoidance strategies (Graham and Tucker, 2006). More broadly, the stability of the *OI* coefficient across three conceptually distinct tax outcomes reduces concerns that the result is an artifact of any single proxy and strengthens the interpretation

that CEO organizational identification is associated with a systematically more conservative tax posture.

Insert Table 4 Here

4.3 Robustness checks

To assess whether the baseline findings are sensitive to omitted variables or to the specific tax aggressiveness measures employed, Table 5 reports a series of robustness analyses.

Panel A augments the baseline specifications with a richer set of CEO- and governance-level controls, including measures of CEO overconfidence, gender, age, managerial ability, compensation incentives (*Vega* and *Delta*), board size, institutional ownership, and financial constraints. These additions address the concern that *OI* may be proxying for other managerial traits, entrenchment, or broader governance quality rather than capturing a distinct psychological channel. This concern is especially salient given that several of these attributes have independently been linked to corporate tax behavior in prior work (Armstrong et al., 2015; Chen et al., 2010; Chyz et al., 2019; Rego and Wilson, 2012). Although the inclusion of these variables substantially reduces the available sample because of data constraints, the core inference remains intact. Across all three tax outcomes, the coefficient on *OI* retains the predicted sign and remains statistically significant. Specifically, *OI* remains negatively associated with *Shelter* (coefficient $= -0.116$, $p < 0.05$), negatively associated with *BTD_DD* (coefficient $= -0.015$, $p < 0.10$), and positively associated with *CETR* (coefficient $= 0.008$, $p < 0.10$). Thus, the baseline relation does not appear to be subsumed by conventional governance controls, other observable CEO traits, or standard compensation-based agency variables.

Panel B addresses construct validity by replacing the baseline tax outcomes with alternative measures. In Column (1), the dependent variable is *Tax havens*, which captures the firm's use of tax haven-related structures. This measure reflects a more structural and longer-horizon form of tax planning than annual tax outcomes and has been widely used to study profit shifting and international tax avoidance (Dyreng and Lindsey, 2009; Hanlon and Heitzman, 2010). The coefficient on *OI* is negative and statistically significant (coefficient $= -0.174$, $p < 0.01$), indicating that firms led by more strongly identified CEOs are less likely to maintain tax haven-related structures. Columns (2) and (3) use alternative cash effective

tax rate measures, *CETR_2* and *CETR_3*. In both cases, *OI* remains positively associated with cash taxes paid, with coefficients of 0.007 that are statistically significant at conventional levels. The consistency of these results across alternative outcome measures reinforces the conclusion that the main finding is not driven by idiosyncrasies of the baseline proxies.

Overall, the robustness analyses substantially strengthen the baseline evidence. The negative relation between CEO OI and tax aggressiveness persists after controlling for a richer set of governance and managerial characteristics and remains evident across a broader set of tax avoidance measures. This triangulation is important because it suggests that CEO organizational identification captures an economically distinct channel that is not easily reduced to standard agency, governance, or CEO-style explanations.

Insert Table 5 Here

4.4 Turnover-based evidence and endogeneity

A key concern in interpreting the baseline evidence is endogeneity. Firms with stronger governance, more conservative tax cultures, or lower latent tax risk may be more likely to appoint CEOs who exhibit stronger organizational identification. Likewise, firms with entrenched low-risk tax policies may shape executive behavior in ways that mechanically produce higher OI. To strengthen the interpretation of the baseline results, we exploit CEO turnover events and estimate a turnover-based difference-in-differences (DiD) design around large declines in CEO organizational identification.

The treatment group consists of firms experiencing CEO turnover where the firm's OI measured at $t-3$ exceeds the firm's OI measured at $t+3$ by at least the 70th percentile of the turnover-sample distribution. This definition is intentionally stringent and is designed to isolate cases involving a large downward shift in CEO organizational identification rather than modest or noisy changes around the transition. The comparison group consists of other turnover firms that do not experience such a sharp decline and are stacked into each treated turnover cohort, and the DiD regressions control for firm characteristics while progressively adding year and industry fixed effects. Because the post-turnover response emerges with a lag, the *Post* indicator is defined to begin in year +2 relative to turnover. This approach is intended to reduce observable selection differences and to sharpen the comparison around substantial changes in CEO OI.

Table 6 reports the turnover-based DiD estimates using *Shelter* as the dependent variable. Across all three specifications, the interaction term $Treat \times Post$ is positive and statistically significant, with coefficients ranging from 0.191 to 0.205. These estimates indicate that firms experiencing a large decline in CEO organizational identification following turnover become more likely to engage in tax sheltering relative to other turnover firms that do not experience such a decline. The magnitude is economically meaningful, and the result remains stable as the specification becomes more demanding.

Figure 1 complements the DiD estimates with an event-study specification. The pre-event coefficients are small and statistically indistinguishable from zero, providing evidence consistent with the parallel trends assumption. By contrast, the post-event coefficients turn positive following the turnover event, and the increase is concentrated in years +2 and +3, where the estimates are statistically significant, while the +1 estimate is near zero and statistically insignificant. This dynamic pattern is difficult to reconcile with a simple story based solely on static cross-sectional differences.

That said, the turnover-based design should be interpreted as supportive rather than definitive. While it materially reduces concerns about time-invariant omitted firm characteristics and static cross-sectional selection, it does not eliminate all possible concerns about endogenous successor selection or the broader strategic circumstances surrounding CEO replacement. Accordingly, we view this analysis as supplementary turnover-based evidence rather than as a fully clean natural experiment. On that margin, however, the evidence is consistent with the paper's central argument: when firms experience a substantial decline in CEO organizational identification, they subsequently become more likely to adopt aggressive tax sheltering behavior.

Insert Figure 1 Here

Insert Table 6 Here

4.5 Mechanism analysis

The baseline evidence indicates that stronger CEO organizational identification is associated with lower tax aggressiveness, but an important question is whether this pattern reflects limited tax-planning sophistication or a more deliberate form of self-restraint. The theory developed in this paper favors the latter interpretation. Specifically, the argument is not that

highly identified CEOs avoid tax planning altogether, but rather that they are less willing to pursue forms of tax planning that are more opaque, reputationally exposed, or difficult to reconcile with a long-horizon organizational perspective. Table 7 provides two tests that help distinguish between these interpretations.

Column (1) examines whether the relation between *OI* and tax sheltering varies with the richness of the firm's tax-planning environment, proxied by *Tax planning opportunity*, defined as industry-year dispersion in cash ETR. A richer opportunity set should make it easier for capable managers to identify more conventional or less opaque ways of reducing taxes. The coefficient on *OI* is negative and statistically significant (coefficient = −0.282, $p < 0.01$), while the interaction term *OI* × *Tax planning opportunity* is positive and significant (coefficient = 0.032, $p < 0.01$). This pattern indicates that the negative relation between CEO organizational identification and tax sheltering is attenuated when tax-planning opportunities are more abundant. This evidence is difficult to reconcile with a simple capability-deficit explanation. If high-OI CEOs were merely less sophisticated or less aware of tax planning opportunities, one might expect the negative OI effect to become stronger in more complex environments. Instead, the attenuation is more consistent with selective use: high-OI CEOs appear less inclined to rely on shelter-like strategies when more conventional planning opportunities are available (Dyreng et al., 2008; Minnick and Noga, 2010).

Column (2) examines whether CEO organizational identification moderates the relation between compensation-induced risk-taking incentives and aggressive tax behavior. Prior work shows that convex compensation incentives, particularly *Vega*, can encourage executives to undertake riskier corporate policies, including aggressive tax strategies (Armstrong et al., 2015; Rego and Wilson, 2012). Consistent with this logic, the interaction term *OI* × *Vega* is negative and statistically significant (coefficient = −0.028, $p < 0.10$). This result suggests that stronger organizational identification dampens the extent to which option-based risk-taking incentives translate into tax sheltering. Put differently, even when CEOs face stronger contractual incentives to engage in risky behavior, those with stronger identification with the firm appear less willing to pursue aggressive tax sheltering. This is consistent with the idea that organizational identification functions as a non-contractual internal governance mechanism that tempers the behavioral consequences of incentive-based agency conflicts

(Desai and Dharmapala, 2006).

Taken together, the mechanism tests support a more nuanced interpretation of the baseline findings. CEO organizational identification does not appear to imply a blanket aversion to tax planning. Rather, the evidence is more consistent with selective restraint. High-OI CEOs appear less willing to engage in opaque or shelter-like tax strategies, but they do not appear categorically unwilling to exploit tax planning opportunities when those opportunities are more transparent or more plausibly aligned with firm value preservation. This interpretation is also consistent with the broader literature emphasizing that aggressive tax avoidance involves trade-offs between tax savings and non-tax costs, including enforcement, reputation, and agency frictions (Hanlon and Heitzman, 2010).

Insert Table 7 Here

4.6 Cross-sectional heterogeneity

To further probe the boundary conditions of the main effect, Table 8 examines whether the relation between CEO organizational identification and tax aggressiveness varies with board size. The sample is partitioned based on whether board size is above or below the industry-year median.

The evidence indicates that the negative relation between *OI* and tax aggressiveness is concentrated in firms with smaller boards. In the small-board subsample, *OI* is negatively associated with *Shelter* (coefficient = -0.153, $p < 0.01$), negatively associated with *BTD_DD* (coefficient = -0.015, $p < 0.01$), and positively associated with *CETR* (coefficient = 0.009, $p < 0.05$). By contrast, in the large-board subsample, the corresponding coefficients are weaker in magnitude and statistically insignificant across all three tax aggressiveness proxies. This pattern suggests that the behavioral imprint of CEO organizational identification is more visible in governance environments where board processes may be less encumbered by coordination frictions and where CEO preferences may translate more directly into organizational policy. This interpretation is broadly consistent with the literature linking smaller boards to more effective monitoring and more decisive governance (Armstrong et al., 2012; Minnick and Noga, 2010; Yermack, 1996).

For completeness, Appendix Table C reports exploratory cross-sectional tests by CEO gender. Because the number of female CEO observations is limited, particularly for *Shelter*

and *BTD_DD*, these estimates should be interpreted with substantial caution. We therefore treat the gender-based analysis as supplementary and do not rely on it for the paper's main inferences.

Insert Table 8 Here

Overall, the evidence in this study points to a consistent conclusion. Across three baseline tax aggressiveness proxies, richer control sets, alternative outcome measures, a turnover-based supplementary design, and cross-sectional mechanism and heterogeneity tests, firms led by CEOs with stronger organizational identification engage in less aggressive tax behavior. The results are economically meaningful, statistically robust, and directionally stable across specifications.

Equally importantly, the evidence suggests that the mechanism is not simple managerial passivity or a lack of tax-planning sophistication. Instead, the results are more consistent with selective restraint. High-OI CEOs appear less willing to pursue opaque, shelter-like tax strategies, particularly when such strategies are encouraged by strong personal risk-taking incentives, yet they appear more willing to relax this restraint when more conventional tax-planning opportunities are available. Taken together, the results support the view that CEO organizational identification functions as an internal governance mechanism that constrains aggressive and potentially reputation-threatening forms of corporate tax behavior.

5 Conclusion

This study examines whether CEO organizational identification shapes firms' tax policy choices. The central argument is that CEOs who identify more strongly with the firm are less likely to pursue opaque or reputation-sensitive tax strategies that may deliver short-term gains but impose longer-horizon organizational costs. We use a large sample of US-listed firms and archival measures of CEO organizational identification (Abernethy et al., 2017) to test this claim. Consistent with this prediction, the evidence shows that stronger CEO organizational identification is associated with less aggressive corporate tax behavior. Across multiple measures, firms led by high-OI CEOs are less likely to engage in tax sheltering, exhibit smaller abnormal book-tax differences, and report higher cash effective tax rates.

These findings are robust to extensive controls, alternative tax aggressiveness measures (Dyreng et al., 2010), and richer specifications that account for governance and compensation-

related factors. To further probe endogeneity concerns, the paper exploits CEO turnover events and implements a turnover-based difference-in-differences design around large declines in CEO organizational identification from pre- to post-turnover. Firms experiencing a substantial drop in CEO organizational identification become more likely to engage in tax sheltering relative to other turnover firms, with the increase concentrated in the later post-turnover years. While this design does not eliminate all endogeneity concerns, it provides supplementary evidence consistent with the baseline interpretation.

The mechanism tests suggest that CEO organizational identification operates through selective restraint rather than a blanket aversion to tax planning. The negative association between organizational identification and tax sheltering weakens when tax planning opportunities are more abundant, consistent with the view that strongly identified CEOs remain willing to pursue tax minimization when it can be achieved through less opaque channels. In addition, organizational identification attenuates the tendency for convex compensation incentives (*Vega*) to translate into more aggressive tax positions. The cross-sectional evidence further indicates that the effect is concentrated in firms with smaller boards, where the CEO's orientation may be more readily reflected in organizational policy.

The study contributes to the literature on the managerial determinants of corporate tax avoidance by showing that tax outcomes reflect not only incentives and governance structures, but also the degree to which CEOs internalize the firm's identity and long-term welfare. More broadly, the findings suggest that organizational identification can function as an internal governance mechanism that constrains more aggressive and opaque tax behavior.

Like all archival studies, this analysis has limitations. The organizational identification proxy drawn from Abernethy et al. (2017) is necessarily indirect, the turnover-based design cannot fully rule out all unobserved shocks, and the evidence is drawn from U.S. public firms and a specific set of tax aggressiveness measures. Even so, the overall pattern of results is consistent across baseline tests, alternative measures, supplementary turnover-based analyses, and mechanism tests. Overall, the evidence points to a clear conclusion: firms led by CEOs who identify more strongly with the organization are less likely to engage in aggressive tax avoidance and more likely to treat tax planning as a conditional, firm-serving instrument rather than a vehicle for managerial opportunism.

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Table 1 Data Distribution

Panel A: Year Distribution		
YEAR	No. of Obs	%
2006	922	6.885
2007	1017	7.595
2008	992	7.408
2009	964	7.199
2010	944	7.050
2011	936	6.990
2012	911	6.803
2013	911	6.803
2014	925	6.908
2015	890	6.646
2016	852	6.362
2017	822	6.138
2018	814	6.079
2019	784	5.855
2020	707	5.280
Total	13391	100

Panel B: Industry Distribution			
SIC	Industry	No. of Obs	%
10-14	Mining	693	5.189
15-17	Construction	273	2.044
20-29	Manufacturing - Part 1	2457	18.399
30-39	Manufacturing - Part 2	4508	33.758
40-49	Transportation, Communication, Utilities	761	5.699
50-51	Wholesale	507	3.797
52-59	Retail	1316	9.855
70-89	Services	2876	21.26
Total		13391	100

This table illustrates the data distribution. The data set is composed of 13,391 individual observations of firms across the years 2006 to 2020. This corresponds to 1,879 distinctive non-financial corporations.

Table 2 Descriptive Statistics

Panel A: Descriptive Statistics

	Obs	Mean	Std	P25	P50	P75
Dependent variables						
Shelter	13391	0.384	0.486	0.000	0.000	1.000
BTD_DD	9116	0.447	0.300	0.306	0.437	0.593
CETR	13391	0.226	0.212	0.063	0.201	0.313
Main variables						
OI	13391	0.185	0.824	-0.466	-0.053	0.643
Control variables						
FSIZE	13391	2.273	1.681	1.125	2.137	3.307
MTB	13391	3.259	4.322	1.480	2.396	3.954
ROA	13391	0.078	0.122	0.024	0.078	0.139
LEVERAGE	13391	0.234	0.229	0.024	0.198	0.349
EQINC	13391	0.001	0.004	0.000	0.000	0.000
INTAN	13391	0.260	0.253	0.044	0.197	0.409
PPE	13391	0.263	0.240	0.087	0.182	0.366
NOL	13391	0.877	0.329	1.000	1.000	1.000
RD	13391	0.035	0.058	0.000	0.005	0.047
FI	13391	0.023	0.040	0.000	0.005	0.038
PICFO	13391	0.140	0.107	0.077	0.128	0.192

Panel B: Univariate Analysis

	Mean	Below-mean OI	Above-mean OI	Difference
Shelter	0.381	0.404	0.345	-0.059***
BTD_DD	0.448	0.457	0.434	-0.023***
CETR	0.224	0.221	0.230	0.009***

Panel A reports descriptive statistics for the main variables used in the analysis. Panel B reports univariate comparisons of tax aggressiveness measures across observations with CEO organizational identification (OI) above versus below the sample mean. All variables are defined in Appendix A.

Table 3 Pairwise Correlation

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[VIF]
Shelter	1.00	0.04	0.02	-0.09	0.52	0.10	0.22	0.03	0.11	0.03	0.08	0.03	-0.01	0.22	0.13	
BTD_DD	0.04	1.00	-0.06	-0.04	0.09	0.05	0.08	0.02	-0.03	-0.03	0.26	-0.04	0.00	-0.01	0.49	
CETR	0.02	-0.06	1.00	0.03	0.06	0.01	0.16	-0.07	0.03	0.04	-0.08	-0.12	-0.14	0.01	0.13	
OI	-0.09	-0.04	0.03	1.00	-0.14	0.03	0.07	-0.15	-0.05	-0.09	-0.03	-0.09	0.11	-0.06	0.06	1.10
FSIZE	0.52	0.09	0.06	-0.14	1.00	0.21	0.32	0.17	0.15	0.19	0.08	0.04	-0.05	0.33	0.28	3.91
MTB	0.10	0.05	0.01	0.03	0.21	1.00	0.23	-0.03	-0.01	0.03	-0.06	-0.03	0.16	0.10	0.25	1.78
ROA	0.22	0.08	0.16	0.07	0.32	0.23	1.00	-0.10	0.08	0.01	0.00	-0.23	-0.10	0.34	0.77	4.23
LEVERAGE	0.03	0.02	-0.07	-0.15	0.17	-0.03	-0.10	1.00	0.05	0.32	0.26	0.13	-0.21	-0.04	-0.08	2.92
EQINC	0.11	-0.03	0.03	-0.05	0.15	-0.01	0.08	0.05	1.00	-0.04	0.09	0.02	-0.09	0.09	0.01	1.10
INTAN	0.03	-0.03	0.04	-0.09	0.19	0.03	0.01	0.32	-0.04	1.00	-0.36	0.12	0.00	0.04	-0.01	2.91
PPE	0.08	0.26	-0.08	-0.03	0.08	-0.06	0.00	0.26	0.09	-0.36	1.00	-0.11	-0.30	-0.11	0.11	3.06
NOL	0.03	-0.04	-0.12	-0.09	0.04	-0.03	-0.23	0.13	0.02	0.12	-0.11	1.00	0.11	0.10	-0.23	4.66
RD	-0.01	0.00	-0.14	0.11	-0.05	0.16	-0.10	-0.21	-0.09	0.00	-0.30	0.11	1.00	0.09	0.00	1.64
FI	0.22	-0.01	0.01	-0.06	0.33	0.10	0.34	-0.04	0.09	0.04	-0.11	0.10	0.09	1.00	0.24	1.72
PICFO	0.13	0.49	0.13	0.06	0.28	0.25	0.77	-0.08	0.01	-0.01	0.11	-0.23	0.00	0.24	1.00	6.99

This table reports pairwise correlations among the main variables. The diagonal elements are equal to 1. Variance Inflation Factors (VIFs) are reported in the last column.

Table 4 CEO OI and Tax Aggressiveness

	Shelter	BTD_DD	CETR
OI	-0.101***	-0.012**	0.011***
	(0.037)	(0.006)	(0.003)
FSIZE	0.924***	0.007**	0.008***
	(0.030)	(0.003)	(0.002)
MTB	-0.018***	-0.003***	-0.001**
	(0.007)	(0.001)	(0.000)
ROA	6.236***	-1.610***	0.053*
	(0.495)	(0.060)	(0.032)
LEVERAGE	-0.957***	-0.070***	-0.061***
	(0.179)	(0.023)	(0.013)
EQINC	8.078	-0.409	1.423*
	(8.778)	(0.840)	(0.763)
INTAN	-0.418***	0.021	0.029**
	(0.151)	(0.022)	(0.013)
PPE	1.705***	0.143***	-0.086***
	(0.203)	(0.034)	(0.017)
NOL	0.180*	0.039***	-0.035***
	(0.094)	(0.011)	(0.007)
RD	0.232	-0.160	-0.614***
	(0.648)	(0.141)	(0.051)
FI	1.181	-0.163	-0.162**
	(0.829)	(0.117)	(0.069)
PICFO	-5.464***	2.730***	0.171***
	(0.512)	(0.067)	(0.035)
Constant	-4.554***	0.139***	0.265***
	(0.256)	(0.018)	(0.010)
Obs	13,352	9,116	13,391
R^2/Pseudo R^2	0.318	0.521	0.096
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes

This table reports baseline regressions of tax aggressiveness on CEO organizational identification (*OI*). Column (1) estimates a logit model where the dependent variable is *Shelter*, an indicator equal to one if the firm is classified as engaging in tax sheltering, and reports logit coefficients. Columns (2) and (3) estimate OLS models with *BTD_DD* and *CETR* as dependent variables, respectively. All variables are defined in Appendix A. Standard errors are clustered at the firm level. Industry and year fixed effects are included in all specifications. t-statistics (or z-statistics for the logit model) are reported in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 5 Robustness Tests: CEO OI and Tax Aggressiveness

Panel A: Adding Potential Controls			
	Shelter	BTD_DD	CETR
OI	-0.116**	-0.015*	0.008*
	(0.054)	(0.008)	(0.004)
CEO characteristics			
Overconfidence	-0.231***	0.004	-0.019***
	(0.077)	(0.007)	(0.006)
Female	-0.346	-0.009	0.016
	(0.222)	(0.016)	(0.015)
Age	0.007	-0.001	0.000
	(0.006)	(0.001)	(0.000)
Ability	0.589**	0.017	0.025
	(0.270)	(0.031)	(0.022)
Risk-taking incentives			
Vega	-0.002	0.001	-0.002
	(0.025)	(0.003)	(0.002)
Delta	-0.013	0.004	0.003
	(0.033)	(0.004)	(0.002)
Corporate governance			
Board size	0.876***	0.003	0.038**
	(0.216)	(0.027)	(0.017)
Institutional Ownership	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)
Financial constraints	0.016	0.025*	-0.023**
	(0.145)	(0.014)	(0.011)
Other Controls	Yes	Yes	Yes
Obs	7,485	5,244	7,521
R^2/Pseudo R^2	0.341	0.598	0.105
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Panel B: Using Alternative Dependent Variables			
	Tax havens	CETR_2	CETR_3
OI	-0.174***	0.007**	0.007*
	(0.063)	(0.004)	(0.004)
Other Controls	Yes	Yes	Yes
Obs	9,314	12,469	12,469
R^2/Pseudo R^2	0.389	0.092	0.064
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes

This table reports robustness checks for the relation between CEO organizational identification (OI) and tax aggressiveness. Panel A includes additional CEO characteristics (overconfidence, gender, age, ability), risk-taking incentives (Vega and Delta), and corporate governance measures (board size, institutional ownership, financial constraints). Panel B uses alternative proxies for tax aggressiveness. All specifications include the same control variables as the baseline regressions as well as industry and year fixed effects. t-statistics, based on firm-clustered standard errors, are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Figure 1 Dynamic Effects and Parallel Trends Test

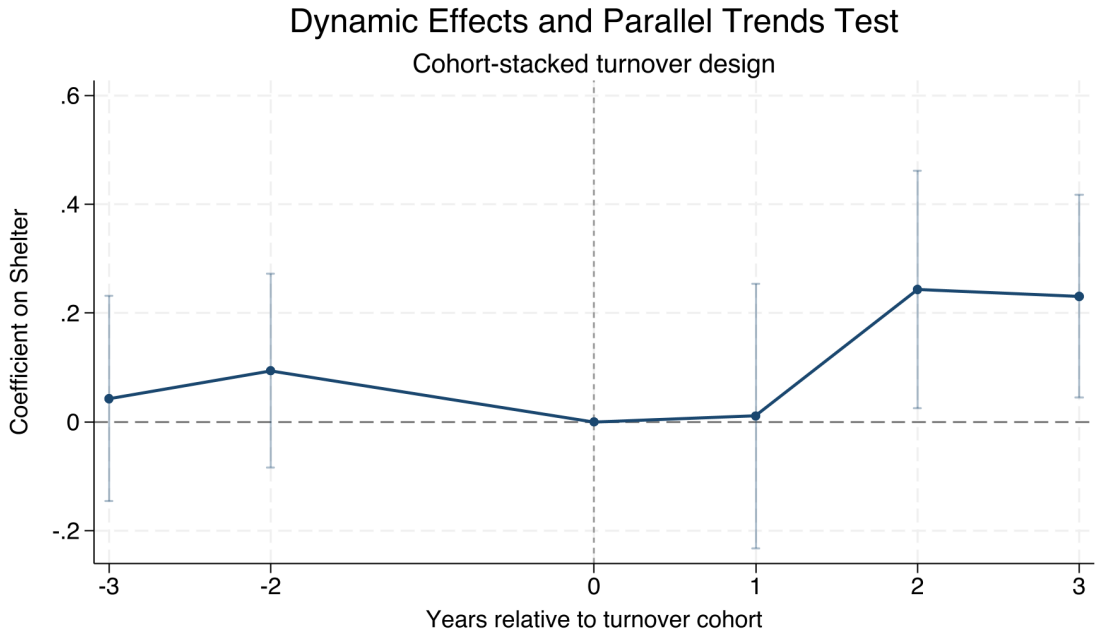


Table 6 CEO Turnover Analysis (Turnover-Based DiD)

Dep. var: *Shelter*			
	(1)	(2)	(3)
Treat	0.009	0.014	-0.001
	(0.049)	(0.049)	(0.055)
Post	-0.004	0.001	0.001
	(0.009)	(0.001)	(0.001)
Treat*Post	0.205***	0.191***	0.196***
	(0.065)	(0.064)	(0.065)
Other controls	Yes	Yes	Yes
Obs	9,023	9,023	9,023
Unique firm-years	2,524	2,524	2,524
Unique firms	397	397	397
R^2/Pseudo R^2	0.311	0.326	0.405
Industry FE	No	No	Yes
Year FE	No	Yes	Yes

This table reports difference-in-differences (DiD) estimates of the effect of CEO organizational identification (OI) on tax sheltering around CEO turnovers. The treatment group is defined as firms experiencing CEO turnover where the firm's OI measured at $t-3$ exceeds the firm's OI measured at $t+3$ by at least the 70th percentile of the turnover-sample distribution. Other turnover firms that do not experience such a sharp decline are stacked into each treated turnover cohort to form the comparison group. Because the post-turnover response emerges with a lag, *Post* equals one beginning in year +2 relative to turnover. Column (1) reports the model without fixed effects. Column (2) adds year fixed effects. Column (3) adds both industry and year fixed effects. The dependent variable is the tax shelter measure (*Shelter*). All regressions include the baseline controls. *Obs* reports stacked cohort-firm-year observations, while the two lines below report the corresponding number of unique firm-years and unique firms in the final estimation sample. *t*-statistics based on firm-clustered standard errors are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Table 7 Mechanism Analysis: CEO OI and Tax Aggressiveness

Dep. var: *Shelter*		
	(1)	(2)
OI	-0.282***	0.022
	(0.080)	(0.060)
Tax planning opportunity	0.059***	
	(0.010)	
OI × Tax planning opportunity	0.032***	
	(0.012)	
Vega		0.021
		(0.017)
OI × Vega		-0.028*
		(0.016)
FSIZE	0.946***	0.971***
	(0.033)	(0.028)
MTB	-0.018**	-0.017***
	(0.008)	(0.007)
ROA	6.706***	6.606***
	(0.575)	(0.454)
LEVERAGE	-0.958***	-0.975***
	(0.202)	(0.150)
EQINC	8.408	7.683
	(9.132)	(7.946)
INTAN	-0.354**	-0.356***
	(0.165)	(0.136)
PPE	1.884***	1.895***
	(0.223)	(0.183)
NOL	0.182*	0.189**
	(0.099)	(0.085)
RD	0.347	0.305
	(0.719)	(0.569)
FI	1.104	0.986
	(0.911)	(0.750)
PICFO	-6.100***	-6.004***
	(0.579)	(0.466)
Delta		-0.051**
		(0.023)
Constant	-4.979***	-4.556***
	(0.253)	(0.414)
Obs	10,954	10,981
R^2	0.323	0.322
Industry FE	Yes	Yes
Year FE	Yes	Yes

This table examines potential mechanisms linking CEO organizational identification (OI) to tax aggressiveness. Column (1) introduces an interaction between OI and tax planning opportunity (defined as industry-year dispersion in cash ETR). Column (2) introduces the interaction between OI and CEO incentive pay sensitivity (*Vega*) while controlling for *Delta*. Both columns estimate logit models with *Shelter* as the dependent variable and report logit coefficients. All regressions include industry and year fixed effects. *t*-statistics based on firm-clustered standard errors are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Table 8 Cross-Sectional Tests by Board Size

	Large Boards (Above Industry-Year Median)			Small Boards (Below Industry-Year Median)		
	Shelter	BTD_DD	CETR	Shelter	BTD_DD	CETR
	(1)	(2)	(3)	(4)	(5)	(6)
OI	-0.072	-0.009	0.004	-0.153***	-0.015***	0.009**
	(0.074)	(0.006)	(0.006)	(0.050)	(0.005)	(0.004)
FSIZE	1.130***	0.006*	0.003	0.951***	0.012***	-0.000
	(0.060)	(0.003)	(0.003)	(0.047)	(0.003)	(0.003)
MTB	-0.011	0.000	-0.000	-0.027*	-0.002	-0.001
	(0.013)	(0.001)	(0.001)	(0.014)	(0.002)	(0.001)
ROA	6.391***	-1.703***	-0.118	8.646***	-1.764***	-0.008
	(1.111)	(0.095)	(0.096)	(0.857)	(0.077)	(0.055)
LEVERAGE	-1.333***	-0.052**	-0.044*	-0.726***	-0.076***	-0.065***
	(0.352)	(0.025)	(0.026)	(0.266)	(0.026)	(0.017)
EQINC	27.559*	-2.124**	3.392***	-22.334	-0.425	2.209**
	(14.161)	(0.854)	(1.056)	(13.887)	(1.220)	(1.011)
INTAN	0.029	0.017	-0.008	-0.546**	0.034	0.023
	(0.297)	(0.023)	(0.021)	(0.226)	(0.024)	(0.017)
PPE	2.236***	0.233***	-0.196***	1.965***	0.176***	-0.087***
	(0.417)	(0.032)	(0.031)	(0.300)	(0.031)	(0.022)
NOL	-0.302*	0.021*	-0.015	0.149	0.037***	-0.042***
	(0.169)	(0.011)	(0.013)	(0.125)	(0.009)	(0.009)
RD	1.390	0.573***	-0.670***	1.432	-0.180	-0.546***
	(1.373)	(0.145)	(0.099)	(0.995)	(0.119)	(0.073)
FI	0.636	-0.158	-0.296***	2.572**	-0.090	-0.205**
	(1.552)	(0.122)	(0.106)	(1.213)	(0.127)	(0.083)
PICFO	-6.646***	2.459***	0.406***	-7.659***	2.724***	0.217***
	(1.115)	(0.096)	(0.095)	(0.849)	(0.073)	(0.057)
Constant	-4.894***	0.149***	0.292***	-3.010***	0.133***	0.299***
	(0.911)	(0.018)	(0.020)	(0.450)	(0.018)	(0.014)
Obs	2,908	2,001	2,975	4,499	3,258	4,570
R^2/Pseudo R^2	0.347	0.634	0.120	0.296	0.597	0.112
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

This table reports cross-sectional tests of whether the relation between CEO organizational identification (*OI*) and tax aggressiveness varies with board size. The sample is partitioned based on whether a firm's board size is above or below the industry-year median. Columns for *Shelter* are estimated using logit models and report logit coefficients; columns for *BTD_DD* and *CETR* are estimated using OLS. All variables are defined in Appendix A. Standard errors are clustered at the firm level. Industry and year fixed effects are included in all specifications. t-statistics (or z-statistics for the logit models) are reported in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Appendix A Variable definitions

Variable	Definition
Dependent Variables	
Shelter	An indicator variable equal to 1 if the firm's *shelterscore* falls in the top quintile of the source Compustat sample used to construct the proxy, and 0 otherwise. Because this classification is created before the subsequent OI merge and later sample restrictions, the proportion of observations with $Shelter = 1$ in the final estimation sample need not equal 20%. The score is calculated as: $$ShelterScore_{i,t} = -4.86 + 5.20 \cdot BTD_{i,t} + 4.08 \cdot DAP_{i,t} - 1.41 \cdot LEV_{i,t} + 0.76 \cdot \ln(AT_{i,t}) + 3.51 \cdot ROA_{i,t} + 1.72 \cdot FI_{i,t} + 2.43 \cdot RD_{i,t}.$$ where BTD (book–tax difference) is defined as $$BTD = \frac{pi - ((txfed + txfo)/0.35) - \Delta tlcf}{L.at}.$$ DAP is the residual from the modified Jones model. FI is an indicator for foreign pretax income ($pifo$).
BTD_DD	Desai–Dharmapala abnormal book–tax differences measure. We compute BTD and total accruals $TA = (ib - xidoc - oancf)/L.at$, winsorize both at the 1st and 99th percentiles, estimate a firm fixed-effects regression of BTD on TA, obtain the residual $\hat{u}_{i,t}$, and define BTD_DD as $\bar{u}_i + \hat{u}_{i,t}$, where $\bar{u}_i$ is the firm-specific mean residual. The regressions use the winsorized version of this measure.
CETR	Income taxes paid ($txpd$) divided by pre-tax income less special items ($pi - spi$).
Independent Variables	
OI	A composite variable from a principal component analysis on six variables: CEOEQUITY (CEO ownership), FOUNDER (1 if founder), DEPMANAGER (1 if former dept. manager), INSIDER (1 if internally promoted), ROLES (number of positions), and CEOTENURE (CEO tenure).
FSIZE	Centered natural logarithm of one plus market value of equity, computed as $\ln(1 + prcc_f \times csho)$ and demeaned by subtracting the sample mean.
MTB	Market-to-Book ratio: Prior year's market value ($l.prcc_f \times l.csho$) divided by prior year's book value of equity ($l.ceq$).
ROA	Return on Assets: Pre-tax income (pi) divided by prior year's total assets (at).
LEVERAGE	Long-term debt ($dltt$) divided by prior year's total assets (at).
PPE	Net property, plant, and equipment ($ppent$) divided by prior year's total assets (at).
NOL	An indicator variable equal to 1 if tax loss carryforward ($tlcf$) is greater than zero.
DNOL	Change in tax loss carryforward ($\Delta(tlcf)$) divided by prior year's total assets (at).
INTAN	Intangible assets ($intan$) divided by prior year's total assets (at).
FCF	Free Cash Flow: Cash from operations ($oancf$) minus capital expenditures ($capx$), divided by prior year's total assets (at).
RD	Research and development expense (xrd) divided by prior year's total assets (at).
FI	Foreign income ($pifo$) divided by prior year's total assets (at).
EQINC	Equity in net earnings of subsidiaries ($esub$) divided by prior year's total assets (at).
TOBINQ	Tobin's Q: Market value of assets ($prcc_f \times csho + at - ceq$) divided by book value of assets (at).
PICFO	Pretax cash flow: Cash from operations ($oancf$) less extraordinary items ($xidoc$) plus tax paid ($txpd$), divided by prior year's assets (at).
Tax planning opportunity	Industry-year dispersion in cash effective tax rates

Appendix B Illustrative qualitative evidence consistent with organizational identification

Raymond D. Zinn (Micrel Inc.; OI = 3.60). Zinn, described as Silicon Valley's longest-serving CEO (Zinn, 2015), exemplifies founder-related identity fusion. His decision to avoid venture capital and, at one point, personally guarantee $4 million in bank loans (Todd, 2014), indicates substantial overlap between personal and organizational financial exposure, consistent with psychological ownership (Pierce et al., 2001). His continued leadership over decades, including after becoming legally blind, and his imbuing the firm's culture with distinctive personal values further suggest that the organization functioned as an extension of the self.

Walter J. Zable (Cubic Corporation; OI = 3.60). Zable served as founder-CEO for 61 years, remaining in office until his death and becoming one of the oldest public company CEOs (Freeman, 2012). While long tenure can also reflect entrenchment, the duration and continuity of his leadership are consistent with the idea that the organization represented a central and enduring component of personal identity rather than merely an employment relationship.

Patrizio Vinciarelli (Vicor; OI = 3.60). Vinciarelli illustrates the combination of ownership, human capital investment, and identity-congruent discourse. His large ownership stake (52%) and extensive patent portfolio indicate deep personal investment in the firm. In public discourse, he frequently employs inclusive pronouns such as "we" and "our" (Bruce, 2023), a linguistic pattern often associated with a blurred boundary between self and collective (Abernethy et al., 2019).

Robert A. Frist Jr. (HealthStream; OI = 3.59). Frist's 2021 donation of $2.25 million of his personal HealthStream stock to employees is difficult to reconcile with a narrow economic-agent model. Instead, it aligns more closely with a stewardship orientation (Davis et al., 1997), which is often theorized to be supported by organizational identification. By using personal wealth tied to the firm to benefit employees, Frist appears to treat the organization as a collective entity for which he bears personal responsibility.

This appendix provides qualitative triangulation for the archival CEO organizational identification (OI) proxy by examining several CEOs with the highest OI scores in the sample. These cases are illustrative only and are not intended as causal evidence. Rather, they provide face-validity evidence that the archival proxy identifies executives whose observed behaviors are broadly consistent with theoretical expectations of strong organizational identification (Ashforth and Mael, 1989; Dutton et al., 1994). Although such examples cannot validate the measure statistically, they support the interpretation of the archival proxy as capturing, at least in part, stronger CEO organizational identification.

Appendix C Exploratory Cross-Sectional Tests by CEO Gender

	Female CEOs			Male CEOs		
	Shelter	BTD_DD	CETR	Shelter	BTD_DD	CETR
	(1)	(2)	(3)	(4)	(5)	(6)
OI	-0.575	0.004	0.047*	-0.143***	-0.012***	0.007**
	(0.513)	(0.040)	(0.027)	(0.041)	(0.004)	(0.003)
FSIZE	1.443***	-0.016	0.009	1.032***	0.010***	0.003
	(0.267)	(0.015)	(0.012)	(0.034)	(0.002)	(0.002)
MTB	-0.037	0.010	-0.002	-0.017*	-0.001	-0.001
	(0.051)	(0.006)	(0.003)	(0.010)	(0.001)	(0.001)
ROA	10.807**	-1.572***	0.366	7.796***	-1.754***	-0.059
	(5.450)	(0.285)	(0.257)	(0.679)	(0.062)	(0.050)
LEVERAGE	-0.508	-0.638***	0.025	-1.085***	-0.059***	-0.055***
	(1.703)	(0.156)	(0.136)	(0.212)	(0.019)	(0.015)
EQINC	244.026**	-6.126	-3.557	1.876	-1.319*	2.925***
	(103.551)	(3.986)	(5.069)	(10.016)	(0.761)	(0.732)
INTAN	-0.252	0.237*	-0.075	-0.237	0.027	0.007
	(1.914)	(0.122)	(0.089)	(0.178)	(0.018)	(0.013)
PPE	2.233	0.425***	-0.232*	2.077***	0.194***	-0.133***
	(2.513)	(0.149)	(0.140)	(0.240)	(0.024)	(0.018)
NOL	-2.254**	0.028	0.018	0.073	0.034***	-0.034***
	(1.138)	(0.045)	(0.042)	(0.098)	(0.007)	(0.007)
RD	3.118	-0.057	-0.760	1.379*	0.030	-0.616***
	(6.344)	(0.630)	(0.466)	(0.794)	(0.094)	(0.058)
FI	-19.027	0.105	-0.414	2.275**	-0.135	-0.245***
	(11.680)	(0.519)	(0.621)	(0.951)	(0.096)	(0.064)
PICFO	-7.745	2.215***	-0.044	-7.398***	2.660***	0.296***
	(5.919)	(0.275)	(0.276)	(0.673)	(0.059)	(0.050)
Constant	-6.601**	0.208***	0.327***	-3.681***	0.132***	0.296***
	(2.849)	(0.073)	(0.074)	(0.497)	(0.014)	(0.011)
Obs	233	210	292	7,218	5,046	7,249
R^2/Pseudo R^2	0.576	0.763	0.284	0.334	0.596	0.100
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

This table reports exploratory subsample analyses by CEO gender. Because the number of female CEO observations is limited, especially for some tax aggressiveness measures, these results should be interpreted cautiously. Columns for *Shelter* are estimated using logit models; columns for *BTD_DD* and *CETR* are estimated using OLS. All variables are defined in Appendix A. Standard errors are clustered at the firm level. Industry and year fixed effects are included in all specifications. t-statistics (or z-statistics for the logit models) are reported in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

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