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The Influence of Good Corporate Governance Mechanisms on Earnings Management with Corporate Social Responsibility as a Moderation Variable in Manufacturing Companies on the Indonesian Stock Exchange

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ABSTRACT: This research aims to determine the effect of good corporate governance mechanisms on earnings management with corporate social responsibility as a moderating variable in food and beverage subsector manufacturing companies on the Indonesia Stock Exchange. This research is quantitative research with a causal nature and data collection techniques obtained through annual reports of food and beverage subsector companies listed on the IDX for the 2018-2022 period. The population in this study were 26 food and beverage subsector companies listed on the Indonesia Stock Exchange (BEI). The non-probability sampling technique in this research is saturated sampling (census). The analysis techniques used are panel data regression techniques and moderated regression analysis. The research results show that independent commissioners have no effect on earnings management. The audit committee has no effect on earnings management. Institutional ownership has a negative and significant effect on earnings management. Managerial ownership has no effect on earnings management. Corporate social responsibility is unable to moderate the influence of independent commissioners on earnings management.

KEYWORDS: Earnings Management, Good Corporate Governance and Corporate, Social Responsibility

PRELIMINARY

Management has the flexibility to choose alternative ways of recording transactions as well as existing options for the same accounting treatment. This flexibility is intended to be able to adapt to various economic situations. Earnings management is a manager's action to choose accounting policies or actions that influence profits in order to achieve certain goals in reporting profits (Scott, 2009). In earnings management, various accounting rules and principles are used. Earnings management does not always mean manipulation. For companies, it is certainly important to create a positive image. However, although there are several opinions which state that the practice of earnings management is an ethical act, quite a few also express that the act of earnings management is a bad act because it can reduce the credibility and validity of financial information and how it can invite wrong perceptions regarding with the presentation of financial reports (Huynh, 2020). The following are some of the unethical earnings management practices that have been exposed. As happened at PT. Kimia Farma Tbk. The profit management pattern in the case of PT Kimia Farma is increasing profits (income maximization) which is carried out by overstating several departments so that the company's profits appear greater. Profit management is carried out by PT Kimia Farma to provide information to investors that the company's performance and condition has improved as indicated by an increase in the company's net profit so that it is hoped that investors will give a positive reaction in the form of an increase in the company's share price. PT. Davomas Abadi Tbk also practices earnings management. Where, the company management manipulates financial reports by postponing debt obligations and does not disclose information that must be immediately announced to the public. At PT. Tiga Pilar Sejahtera Food Tbk has also been exposed to profit management practices. Two former directors manipulated the 2017 financial reports by inflating the receivables of six distributors from the actual 200 billion rupiah to 1.6 trillion rupiah.

By looking at these case examples, reducing earnings management behavior and improving the quality of financial reports can be done with good corporate governance. Good corporate governance can influence the occurrence of earnings management practices in companies. According to research conducted by Sriwedari (2012), Sutedi (2012), Banjarnahor and Yando (2018), and Agatha, Nurlaela and Samrotun (2020), the mechanisms for managing the company include: institutional ownership, managerial ownership, independent board of commissioners and audit committee. Research conducted by Nurlis (2016) and Hanim (2020) concluded that an independent board of commissioners has an influence on earnings management. According to research by Mahariana and Agus (2016), Hendra and Priantono (2018), Febrina, Maryati and Ferdawati (2018), Bone and Kesuma (2019), Fitriyana (2020),

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Paramithasari and Yasa (2016), Karina and Alfarizi (2021) states that independent commissioners have a positive and significant influence on earnings management. Meanwhile, according to research conducted by Herniawan and Ricky (2016), Oktafiah (2016), Chelogoi (2017), Dwijayanti (2021), Insyaroh and Widiatmoko (2022) and Ricky (2020) concluded that an independent board of commissioners has no effect on earnings management. Research conducted by Indrati (2022) states that independent commissioners have a negative effect on earnings management. Research by Bone and Kesuma (2019), Paramithasari and Yasa (2016), Mokranil and Alami (2021), Alexander (2021) states that institutional ownership has a positive and significant effect on earnings management. Meanwhile, research conducted by Tiffany and Wijaya (2020) states that institutional ownership has a negative effect on earnings management. Research conducted by Febrina, Maryati and Ferdawati (2018), Herniawan and Ricky (2016), Nugroho (2020) stated that institutional ownership has no effect on earnings management. According to research conducted by Putri (2020), managerial ownership can result in more opportunities for company profit management practices to occur. Research conducted by Herniawan and Ricky (2016), Bone and Kesuma (2019) states that managerial ownership has a positive and significant effect on earnings management. Meanwhile, research conducted by Febrina, Maryati and Ferdawati (2018), Nugroho (2020), Mokranil and Alami (2021), Dwijayanti (2021) stated that managerial ownership has no effect on earnings management. Research conducted by Paramithasari and Yasa (2016), Indrati (2022) states that managerial ownership has a negative effect on earnings management.

A company in the operating context does not solely operate for the benefit of shareholders, but also for the interests of stakeholders in business practices through the implementation of corporate social responsibility (CSR). Legitimacy theory as the theory underlying CSR activities explains that an entity or company continues to work to ensure that the company operates in accordance with the rules and norms that apply in society or in the environment where the company is located, where the company tries to ensure that its operational activities the company has been legally accepted (Deegan, 2002). Based on the explanation and phenomena that occurred above, researchers are interested in conducting research with the title "The Influence of Good Corporate Governence (GCG) Mechanisms on Profit Management with Corporate Social Responsibility (CSR) as a Moderating Variable in Food and Beverage Sub-Sector Manufacturing Companies Listed on the Stock Exchange Indonesia".

THEORETICAL BASE

Agency Theory

Agency theory is a form of contractual relationship between one or several people acting as principal and one or several other people acting as agents, to provide services for the interests of the principal to the agent (Jensen & Meckling, 1976). In the case of financial statement fraud, one form of conflict that underlies the occurrence of fraud is due to differences in interests between the principal and the agent.

Managers in a company act as agents who are responsible for optimizing and maximizing the profits obtained by the principal as owner and shareholder of the company. On the other hand, agents who are entrusted by the principal in the form of company trust and responsibility also have an interest in maximizing the agent's personal welfare. Agents as management are parties employed by shareholders to work in the interests of the principal.

Legitimacy Theory

Legitimacy theory was first put forward by Dowling and Pfeffer (1975) in Bustanul, et al (2012). This is known as the Legitimacy gap. A legitimacy gap will arise if the company is not sensitive to the impacts that may arise from the company's activities and society's expectations of the company and is only oriented towards making maximum profits (Ang and Masella, 2015). CSR disclosure is very useful for companies to minimize legitimacy gaps by increasing conformity between company operations and community expectations.

Stakeholder Theory

According to Freeman (1984), stakeholder theory is a theory that shows that companies that operate not only for their own interests, but must provide benefits to stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts and other parties). Stakeholder theory suggests that companies have a social obligation to consider the interests of all parties affected by their decisions. Therefore, support from stakeholders is very necessary so that companies can grow and survive for a long time in society. This theory emerged because of the development of awareness and understanding that companies have stakeholders, namely parties who have an interest in the company. Stakeholder theory means a collection of policies and practices related to stakeholders, values, and fulfillment that contribute to sustainable development. All stakeholders have the right to obtain information about company activities that can influence their decision making.

Earnings Management

Earnings management is a planned action that is still limited by accounting principles and is stated in the General Accepted Accounting Principle (GAAP), namely that earnings management is a way for managers to maximize or minimize profits as well as to distribute profits according to management's wishes (Copeland et al, 2005). According to Schipper (1989) earnings management is intervention during the preparation of financial reports with the aim of gaining personal benefit. Meanwhile, Fischer & Rosenzweig (1995) stated that earnings management is a manager's action in increasing or decreasing profits which has no bearing on the increase or decrease in the company's profitability over a long period of time.

Good Corporate Governance

The term corporate governance was first introduced by the Cadbury Committee in 1992 in the Cadbury report. According to the Cadbury Committee, the term corporate governance is defined as a system by which a company is directed and controlled. Boards of directors are responsible for the governance of their companies. The role of shareholders in governance is to appoint directors and auditors and satisfy themselves that an appropriate governance structure is in place. The board's responsibilities include setting the company's strategic objectives, providing leadership to implement them, overseeing the management of the business and reporting to shareholders on its management. The actions of the board are subject to laws, regulations and the general meeting of shareholders.

Good Corporate Governance Mechanism

Based on several descriptions of good corporate governance mechanisms, this research focuses on the independent board of commissioners, audit committee, institutional ownership and managerial ownership.

1. Independent Board of Commissioners

An independent board of commissioners is a member of the board of commissioners who has no financial, management, share ownership and/or family relationships with other members of the board of commissioners, directors and/or controlling shareholders or other relationships that could affect their ability to act independently (PBI No. 8 /4/PBI/2006). According to Putri (2012), there is a possibility that the placement or addition of members of the board of commissioners from outside the company (independent) merely fulfills formal requirements, while the majority shareholders (controllers/founders) still play an important role so that the performance of the board of commissioners does not increase, it could even decrease. Research conducted by Abdillah et al (2016) and Sari & Pratiwi (2015) states that an independent board of commissioners has a negative effect on earnings management. This shows that the higher the proportion of an independent board of commissioners, the reduction in earnings management actions. Having an independent board of commissioners will strengthen supervision of all company operational activities so that the mechanisms of good corporate governance can be carried out effectively within the company. The reason underlying the results of this research is because independent parties have no ties or interests to management, so they are free from managerial pressure and intervention. With the increasing number of independent parties in the board of commissioners, the quality of the supervision process carried out will be in line with the many demands of independent parties who want transparency in reporting financial statements. Research conducted by Mahariana & Agus (2016), Hendra & Priantono (2018), Febrina, Maryati & Ferdawati (2018), Bone & Kesuma (2019), Fitriyana (2020), Paramithasari & Yasa (2016) and Karina & Alfarizi (2021) states that an independent board of commissioners has a negative effect on earnings management.

H1: The independent board of commissioners has a negative effect on earnings management

2. Audit Committee

The audit committee is the party responsible for carrying out supervision to increase effectiveness in creating openness and quality financial reporting, compliance with applicable laws and regulations, and adequate internal supervision (Sulisytanto, 2014). The larger and more effective the audit committee in a company can reduce the occurrence of earnings management, because the committee will further improve the quality of a company's financial reports for the benefit of shareholders. In fact, audit committees in companies are sometimes only part of fulfilling the provisions of government regulations. According to Agustia (2013), in Indonesia, there are mandatory Bapepam regulations, so the company's goal in forming an audit committee is primarily to comply so as to avoid punitive sanctions. Therefore, the performance of the audit committee is less effective and optimal in developing and

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implementing monitoring processes to minimize earnings management practices. According to research conducted by Herniawan and Ricky (2016), Dwijayanti (2021), Indrati (2022), Sihombing & Laksito (2017), Karina & Alfarizi (2021), Ricky (2020) and Widiatmoko (2022) that the audit committee has a significant influence negative and significant to earnings management.

H2: The audit committee has a negative effect on earnings management.

3. Institutional Ownership

Institutional ownership is the portion of company shares owned by institutional investors, such as insurance companies, financial institutions (banks, financial companies, credit), pension funds, investment banking, and other companies related to these categories (Yang, Loo and Shamser, 2009). According to Hidayanti and Paramita (2014) institutional ownership is one part of the company's organizational structure that has a fairly high position within the company. Agency theory began when the company owner was unable to manage the company himself, so the owner had to contract with executives to run the company. As agents, managers are morally responsible for optimizing the profits of the owners (principals) and in return will receive compensation according to the contract. Thus there are two different interests within the company. Each party seeks to achieve or maintain a desired level of prosperity. The differences in interests between management and owners can influence company policies decided by management. Profit management in a company can improve with the increasing number of shares held by institutional ownership, because if the company's profits continue to increase, many investors will be interested in investing their shares in the company. This is what makes management manipulate company profits so that investors invest more in their shares. According to Hidayanti and Paramita (2014) institutional ownership will guarantee increased shareholder prosperity because institutional ownership will have stronger supervision, because of their large investment in the company. If institutions feel dissatisfied with managerial performance, they will sell their shares to the market). This is supported by research conducted by Tifany & Wijaya (2020), Bone & Kesuma (2019), Paramithasari & Yasa (2016), Mokranil & Alami (2021), Febrina, Maryati & Ferdawati (2018), Nugroho (2020) and Alexander (2021) stated that institutional ownership has a negative effect on earnings management.

H3: Institutional ownership has a negative effect on earnings management.

4. Managerial Ownership

Management ownership is shares owned by management personally and shares owned by subsidiaries of the company concerned and their affiliates (Agustia, 2013). Hidayanti and Paramita (2014) stated that shareholders want managers to work with the aim of maximizing shareholder welfare, but company managers act to maximize individual, work safety, lifestyle and other benefits, all of which are borne by the company. Managerial ownership is the percentage of share ownership by management. In a company, managerialism will maximize the interests of shareholders. Therefore, managerial influence on earnings management in companies. According to Hidayanti and Paramita (2014) earnings management practices are largely determined by the motivation of company managers. Different motivations will result in different levels of earnings management. These two things will influence earnings management, because manager ownership also determines policies and decision making regarding the accounting methods applied to the companies they manage. This is supported by the results of his research which proves that managerial ownership has an effect on earnings management. According to research conducted by Herniawan and Ricky (2016), Bone & Kesuma (2019), Febrina, Maryati and Ferdawati (2018), Nugroho (2020), Mokranil & Alami (2021), Dwijayanti (2021) and Maulana (2017) stated that managerial ownership has a positive effect on earnings management.

H4: Managerial ownership has a positive effect on earnings management

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a business organization's commitment to carry out ethical actions and contribute to the economic development of a particular community or wider society as well as improving the standard of living of employees and their families. CSR aims to make companies not only focus on the single-bottom-line in the form of financial performance, but more focused on the triple-bottom-line (TBL) concept which includes aspects of finance, social life and the environment (Kalbuana, Sutadipraja, Purwanti, and Santoso., 2019). In Indonesia, regulations regarding CSR or social responsibility have been regulated in Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies which states that social and environmental responsibility must be carried out by companies operating in or related to natural resources. Companies that violate or do not carry out social and environmental responsibilities will be subject to sanctions in accordance with applicable laws and regulations. Apart from that, PP no. 47 of 2012 which states that the implementation of social and environmental responsibilities is accountable to the GMS and included in the annual report (Putri and Rohman, 2016). This shows that CSR practices have also received attention from

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the government. In carrying out CSR practices, companies need to carry out CSR disclosures as a form of accountability for CSR activities. When CSR is implemented, society and other stakeholders will benefit from the positive effects of activities on social and environmental situations (Hotria & Afriyenti, 2018). Research conducted by Setiawan, Prabowo, Arnita & Wibawa (2019), LópezGonzález, Martínez-Ferrero & García- Meca (2019), Habbash & Haddad (2019), Suryani & Herianti (2015) and Wardani (2018), Zulkarnain & Helmayunita (2021) stated that CSR influences earnings management. However, because there has been no previous research that examines CSR moderating the influence of an independent board of commissioners on earnings management, this research will be the first research to raise this issue and will be a research update so that it can be used as a reference for further research.
H5: CSR strengthens the influence of the independent board of commissioners on earnings management

RESEARCH METHODS

The population in this research is food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (BEI), totaling 26 companies. The sample is part of the population used to estimate population characteristics (Erlina et al, 2023). So that the sample is truly representative (representative) and in accordance with the research objectives. The sample determination in this research was carried out using Non-Probability Sampling. Non-Probability Sampling This type of sample is not chosen randomly. The Non-Probability Sampling technique in this research is saturated sampling (census). Saturated sampling is a sample determination technique when all members of the population are used as samples (Sugiyono, 2019). The samples chosen for this research were 26 food and beverages sub-sector companies listed on the IDX in 2018-2022. Verification analysis in this research was carried out using panel data regression models and Moderated Regression Analysis (MRA) using Microsoft Office Excel and Eviews applications.

RESEARCH RESULTS

1. Descriptive Statistics Analysis

Table 1. Descriptive Statistics Results

	Y	X1	X2	X3	X4	Z
Mean	0.611817	0.383910	2.776923	0.754110	0.875550	0.570499
Maximum	2.556126	0.600000	3.000000	0.872100	0.893200	6.087912
Minimum	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Std. Dev.	0.391225	0.102573	0.638134	0.178650	0.190730	0.501004
Observations	130	130	130	130	130	130

Source: Software Eviews 10 (2023)

2. Normality Test

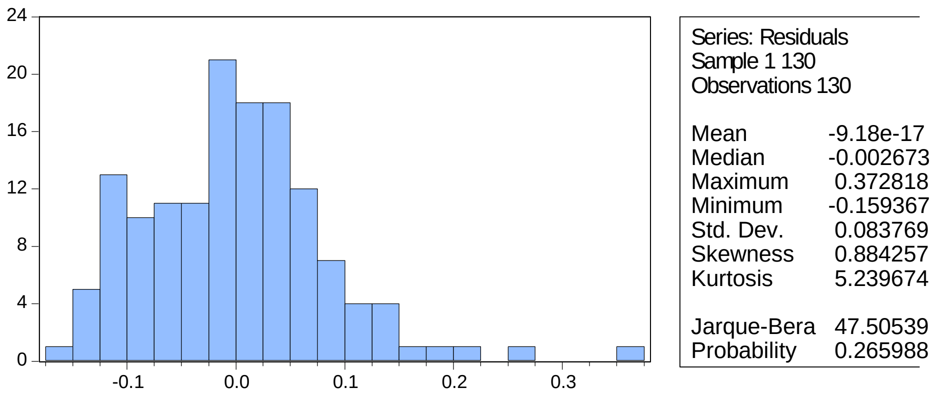

Figure 1. Normality Test Results
Source: Software Eviews 10 (2023)

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Multicollinearity Test

Table 2. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.037041	21.14349	NA
X1	0.151429	14.51853	1.077403
X2	0.702037	14.53664	1.142310
X3	0.001652	1.835883	1.147686
X4	0.000841	1.791851	1.181758

Source: Software Eviews 10 (2023)

3. Heteroscedasticity Test

Table 3. Heteroscedasticity Test Results

4. Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.635302	Prob. F(4,124)	0.6383
Obs*R-squared	2.590586	Prob. Chi-Square(4)	0.6285
Scaled explained SS	10.09905	Prob. Chi-Square(4)	0.0388

Source: Software Eviews 10 (2023)

5. Autocorrelation Test

Table 4. Autocorrelation Test Results

R-squared	0.251671	Mean dependent var	0.035575
Adjusted R-squared	0.227725	S.D. dependent var	0.790978
S.E. of regression	0.695105	Sum squared resid	60.39644
F-statistic	10.50972	Durbin-Watson stat	1.820789
Prob(F-statistic)	0.000000		

Source: Software Eviews 10 (2023)

5. Hypothesis Test Result

Testing the structural stage of the model was carried out to dependent variable using the random effect model. The test results are as follows:

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Table 5. Multiple Linear Regression Results Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.111696	0.398634	0.280198	0.7798
X1?	1.140936	1.415478	0.806043	0.4217
X2?	-0.091068	0.927963	-0.098138	0.9220
X3?	-4.838439	0.784971	-6.163841	0.0000
X4?	-0.530593	0.729937	-0.726902	0.4686

Source: Software Eviews 10 (2023)

Table 6. Moderated Regression Analysis Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.111696	0.398634	0.280198	0.7798
X1?	1.140936	1.415478	0.806043	0.4217
X2?	-0.091068	0.927963	-0.098138	0.9220
X3?	-4.838439	0.784971	-6.163841	0.0000
X4?	-0.530593	0.729937	-0.726902	0.4686

Source: Software Eviews 10 (2023)

DISCUSSION

The Independent Board of Commissioners Influences Earnings Management

In this study, which used samples from food and beverage subsector companies in 2018-2022, the results showed that the independent board of commissioners had no effect on earnings management. Based on the test results in table 5.11, the regression coefficient value is 1.140936 and the t-statistic value is 0.806043 with a significance value of 0.4217. The significance value is greater than the predetermined error tolerance (0.4217 > 0.05). This shows that the independent board of commissioners has no effect on earnings management, so H1 is rejected.

So this research indicates that the size of the independent board of commissioners is not the main determinant in carrying out the effectiveness of the functions and duties of the independent board of commissioners because it is possible that additional members of the independent board of commissioners in a company only aim to fulfill formal provisions and are intended to uphold good corporate governance, while the shareholders majority shares still play a large role. So the existence of an independent board of commissioners does not affect the indication of earnings management practices in a company.

As in the case of earnings management that occurred at PT. Kimia Farma Tbk., PT. Davomas Abadi Tbk and PT. Tiga Pilar Sejahtera Food Tbk. When there were cases of earnings management in these three companies, all three had independent boards of commissioners who served in their respective companies, but still the existence of independent boards of commissioners was not able to reduce indications of earnings management practices in the companies. Although according to the opinion expressed by Scott (2015) that earnings management actions are ethical actions if carried out in accordance with procedures recorded in accounting standards as a basis for consideration for leaders by looking at changes in accounting recording methods, income recognition, etc., where This is also supported by several other experts. And in earnings management, various accounting rules and principles are used. Earnings management does not always mean manipulation. For companies, it is certainly important to create a positive image. To produce positive reports, earnings management will usually be carried out.

In line with agency theory, the agent realizes the importance of the information contained in the report and is motivated to improve the company's performance so that in this way the agent can continue its existence and receive greater rewards or bonuses. However, the reality on the ground shows that there are several agents who have not been able to meet their performance targets so that the information that will be published in financial reports does not satisfy several parties, especially principals as shareholders and company owners. Therefore, agents are sometimes willing to commit fraud so that the information in the financial reports can look good and help the agent to serve their interests.

The results of this research are supported by previous research conducted by Herniawan & Ricky (2016), Oktafiah (2016), Chelogoi (2017), Dwijayanti (2021), Insyaroh & Widiatmoko (2022) and Ricky (2020) which stated that the independent board of commissioners does not influence on earnings management.

Audit Committee Influences Earnings Management

In this study, which used samples from food and beverage subsector companies in 2018-2022, the results showed that the audit committee had no effect on earnings management. Based on the test results in table 5.11, the regression coefficient value is -0.091068 and the t-statistic value is 0.098138 with a significance value of 0.9220. The significance value is greater than the predetermined error tolerance (0.9220 > 0.05). This shows that the audit committee has no effect on earnings management, so H2 is rejected.

The results of this research are not in line with the concept of missive theory which argues that the larger the size of the audit committee, the more guaranteed the quality of financial reporting, so that it can limit the occurrence of earnings management. The concept of agency theory which argues that the greater the proportion of members who have expertise in accounting and finance, the higher quality the financial reporting produced will be. This is because there are members who are experts in accounting and finance, which will make it easier to detect profit manipulation. The larger and more effective the audit committee in a company can reduce the occurrence of earnings management, because the committee will further improve the quality of a company's financial reports for the benefit of shareholders.

As in the case of earnings management that occurred at PT. Kimia Farma Tbk., PT. Davomas Abadi Tbk and PT. Tiga Pilar Sejahtera Food Tbk. When cases of earnings management occurred in these three companies, all three had audit committees which also carried out their duties in supervising the running of the company in accordance with the applicable code of ethics, however, the existence of the audit committee was still unable to reduce indications of earnings management practices in the company. Although according to the opinion expressed by Scott (2015) that earnings management actions are ethical actions if carried out in accordance with procedures recorded in accounting standards as a basis for consideration for leaders by looking at changes in accounting recording methods, income recognition, etc., where This is also supported by several other experts. And in earnings management, various accounting rules and principles are used. Earnings management does not always mean manipulation. For companies, it is certainly important to create a positive image. To produce positive reports, earnings management will usually be carried out.

The results of this research are supported by previous research conducted by Fitriyana (2020), Nugroho (2020), Helmayunita (2021) Mokranil & Alami (2021), Sofia & Dasmaran (2021) and Khoirudin (2016) which stated that audit committees have no influence on earnings management.

Institutional Ownership Influences Earnings Management

In this study, which used samples from food and beverage subsector companies in 2018-2022, the results showed that institutional ownership had a negative and insignificant effect on earnings management. Based on the test results in table 5.11, the regression coefficient value is -4.838439 and the t-statistic value is -6.163841 with a significance value of 0.0000. The significance value is smaller than the predetermined error tolerance (0.0000 < 0.05). This shows that institutional ownership has a negative and significant effect on earnings management, so H3 is accepted.

Institutional ownership will guarantee an increase in shareholder prosperity because institutional ownership will have stronger supervision, this will minimize any indication of earnings management practices in the company because of their fairly large investment in the company. If institutions are dissatisfied with managerial performance, they will sell their shares to the market.

The results of this research are supported by previous research conducted by Tifany & Wijaya (2020), Bone & Kesuma (2019), Paramithasari & Yasa (2016), Mokranil & Alami (2021), Febrina, Maryati & Ferdawati (2018), Nugroho (2020) and Alexander (2021) stated that institutional ownership has a negative effect on earnings management.

Managerial Ownership Influences Profit Management

In this study, which used samples from food and beverage subsector companies in 2018-2022, the results showed that managerial ownership had no effect on earnings management. Based on the test results in table 5.11, the regression coefficient value is -0.530593 and the t-statistic value is -0.726902 with a significance value of 0.4686. The significance value is greater than the predetermined error tolerance (0.4686 > 0.05). This shows that managerial ownership has no effect on earnings management, so H4 is rejected.

These results prove that managerial ownership has no influence on the existence of earnings management practices in the company. Because managerial ownership has been proven to be able to be used as a means of reducing agency costs between owners and management. This also proves that increasing share ownership by managers in the company will be able to create optimal company performance and motivate managers to act more carefully, because they share the consequences of every action they take.

The results of this research are in line with legitimacy theory, where company managers who have share ownership in the company where they work will make more efforts to present financial reports transparently and achieve company goals in creating optimal company performance by being more careful in acting in order to gain recognition from society that company management has worked ethically in maximizing company performance and emphasizes that the company continues to try to operate within the framework and norms that exist in society or the environment so that the activities carried out by the company can be accepted by outside parties as legitimate.

The results of this research are supported by previous research conducted by Febrina, Maryati and Ferdawati (2018), Nugroho (2020), Mokranil & Alami (2021), Dwijayanti (2021) which also found that managerial ownership had no effect on earnings management.

Corporate Social Responsibility moderates the influence of the Independent Board of Commissioners on Profit Management

In this study, which used samples from food and beverage subsector companies in 2018-2022, the results showed that corporate social responsibility was unable to moderate the influence of the independent board of commissioners on earnings management. The interaction between corporate social responsibility and the independent board of commissioners has a probability value of $0.9603 > \alpha\ 0.05$, so based on the hypothesis decision in the Moderated Regression Analysis (MRA) test it can be concluded that corporate social responsibility does not significantly moderate the influence of the independent board of commissioners on management profit, so H5 is rejected.

Corporate social responsibility cannot moderate the influence of the independent board of commissioners on earnings management because partially, in this study the independent board of commissioners did not significantly influence earnings management, so the results obtained when entering the corporate social responsibility variable as a moderating variable were not able to moderate the influence of the board. independent commissioner regarding earnings management.

Apart from that, the results of this research on corporate social responsibility are not able to moderate the influence of the independent board of commissioners on earnings management, perhaps because in general, for companies, corporate social responsibility disclosure is carried out to minimize the legitimacy gap by increasing the conformity between company operations and community expectations. Community legitimacy is a strategic factor for companies in order to develop the company in the future. This can be used as a vehicle for constructing company strategy, especially related to efforts to position itself in an increasingly advanced society. Because CSR is the company's responsibility to its stakeholders to act ethically, minimize negative impacts and maximize positive impacts that cover economic, social and environmental aspects (triple bottom line). Disclosure of CSR activities is one part of information disclosure carried out by the company to third parties through annual reports. CSR activities are carried out by companies because they require support from the community so that the company can operate safely. In other words, companies need recognition from the surrounding community.

Because there has been no previous research that has examined using the corporate social responsibility variable as a moderating variable on the influence of an independent board of commissioners on earnings management, there are no previous research results that support the results of this research.

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