INTERNATIONAL JOURNAL FOR INNOVATIVE RESEARCH IN MULTIDISCIPLINARY FIELD
ISSN(O): 2455-0620 [ Impact Factor: 7.581 ]
Monthly, Peer-Reviewed, Refereed, Indexed Journal with IC Value : 86.87
Volume - 9, Issue - 3, March - 2023 Publication Date: 31/03/2023

DOIs:10.2015/IJIRMF/202303026 --:-- Research Paper / Article / Review

# EFFECTS OF EARNINGS MANAGEMENT ON CSR DISCLOSURE WITH GCG AS A MODERATING VARIABLE IN THE FOOD AND BEVERAGE COMPANIES LISTED ON INDONESIA STOCK EXCHANGE FOR THE PERIOD 2016 – 2020

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***Abstract:*** *CSR (Corporate Social Responsibility) disclosure should be intended to present a company's positive image, not to turn information to investors about its profit or earnings management. Implementation of Good Corporate Governance (GCG) is done to ensure that the company has carried out transparent financial system. The objective of the research is to find out whether earnings management affects the disclosure of CSR through GCG with the proxy of Audit Committee, Board of Commissioners, and Board of Independent Commissioners. This descriptive quantitative research makes Panel data regression analysis as the combination of time series with cross section data. The data are collected from 2016 until 2020. The result of the research shows that earnings management has some effects on CSR disclosure while the number of the Audit Committee members is able to moderate earnings management on CSR disclosure, the Board of Commissioners weaken the moderation of earnings management on CSR disclosure, the proportion of the Board of Independent Commissioners cannot moderate earnings management on CSR disclosure in the food and beverage companies listed on BEI (Indonesia Stock Exchange) for the period 2016-2020.*

***Key Words:*** *Earning Management, Good Corporate Governance, Corporate Social Responsibility.*

## 1. INTRODUCTION:

Every company that carries out its business activities in the field of and or related to Natural Resources is obliged to carry out social and environmental responsibilities. The implementation of social responsibility or Corporate Social Responsibility (CSR) is even regulated in Article 74 of Law No. 40 of 2007 on limited liability companies which then received derivative rules in the form of Government Regulation No. 47 of 2012 on social and Environmental Responsibility. This provision aims to continue to create harmonious, balanced corporate relationships, and in accordance with the environment, values, norms, and culture of the local community. Companies are required to attach reports of their CSR activities in the Annual Financial Statements, This is as stipulated in Article 66 of law no. 40/2012. As stipulated in Article 1 Paragraph (3) of Law No. 40/2007 explains that CSR or social and Environmental Responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of life and a beneficial environment, both for the company itself, the local community, and society in general. In principle, companies in running CSR generally consider the concept of Triple Bottom Line (TPL) proposed by Elkington (1998), namely profit, Planet and people, or known as 3P. The concept of TPL seeks to balance the profits achieved by the company with maintaining the sustainability of the social environment and society. The principle of profit or profit is the main purpose of the company, but in generating profits, companies related to the management and utilization of natural resources, are obliged to return to what they have earned profits to return to nature and its social environment. Planet concept, the company pays attention to environmental aspects (green accounting), ranging from non-polluting actions, environmental pollution mitigation and efforts to enrich the quality of the environment. While the concept of people, companies in developing their CSR must pay attention to the welfare of the people around them. Dewi and Khafi (2018) stated that CSR is a manifestation of the company's commitment to the company's social and environmental sustainability of the consequences for the company's operational activities. In fact, the company must disclose both the plan and the realization of the CSR program they compiled. Ridwan and Novianty (2019) stated that the disclosure of the company'S CSR had a positive impact on the company, including increasing the company's positive image. This is all the more important, if the company is listed on the Stock Exchange, where a positive corporate image is the main driver of the desire of investors to invest. Research conducted by Yuwono and Erika (2020) shows that a company's positive image is one of the dominant factors for investors in making investment decisions in the Capital Market. No less important benefit in terms of corporate CSR disclosure is that it is able to encourage corporate profitability. This is as shown in a study conducted by Solikha, et al (2019) where they analyzed the effect of CSR, Leverage and Size on profitability in Food and Beverages companies listed on the Indonesia Stock Exchange for the period 2016-2018. The data analysis method used is multiple linear regression analysis. The results showed that CSR on ROA showed a significant positive effect. This proves that the greater the CSR will increase the ROA.

Tresnawati (2008) conducted research on the different impact of CSR implementation in PT. Telkom by comparing the average profitability before the implementation of CSR with the implementation of CSR. He examined the company's financial statements throughout the last 10 years, where in 1997 to 2001 was the phase before the CSR and in 2002 to 2006 was the phase after the CSR applied to the company. The results showed that there was a difference in the profitability of the company before implementing CSR with an average ROA of 7.9% compared to the profitability of the company after implementing CSR with an average ROA of 13.91%. This shows that CSR implementation in PT Telkom was able to increase the average profitability of ROA throughout 5 years by 27.55%. This research proves that corporate CSR programs are able to increase corporate profitability.

Unfortunately, there are still many companies that do not disclose CSR in their financial statements. Solikha, et al (2019) in their research on CSR disclosure in food and beverage companies, out of 18 food and beverage companies listed on the IDX in 2017, 1 company received the title “Green” in PROPER, 16 companies received the title “Blue” in PROPER and 1 company received the title “Red” in PROPER. PROPER is a benchmark of corporate compliance in Environmental Management regulated in the regulation of the Minister of environment No. 6 of 2013 on Corporate Performance Rating Assessment Program in Environmental Management. If the company supports the requirements according to the 10 requirements and criteria, the company is awarded the recipient of the gold PROPER category.

Regulation in Indonesia also does not clearly regulate any sector in CSR activities. This makes no benchmark or standard in the application of corporate CSR, especially food and beverage. For example, in the Annual Report of PT Ultrajaya Milk Industry Tbk in 2012 stated that the company is implementing CSR activities in the field of environmental, social, cultural arts, religious life to education. But in the same year, in the Annual Report of PT Prasidha Aneka Niaga Tbk informed the company to carry out CSR activities in the field of health, social community and religious life. This shows that there are wide differences in CSR disclosure conducted by each company (Sugiarto, 2013).

The phenomenon of CSR disclosure in food and beverage companies listed on the IDX should be an important consideration for companies, because various studies show that CSR disclosure in food and beverage companies significantly affects Net Profit Margin (Mukharomah and Kesumaningrum, 2014), significantly affects Return on assets (Ridwan and Novianty, 2019). Disclosure of CSR in the company's Annual Report to reflect the level of accountability, responsibility and transparency of the company to investors (Novita and Djakman, 2008). The company's activities, especially financial management, are managed by managers, where managers play a role in managing the company as best as possible to meet the expectations of shareholders (shareholders). The main objective of managers conducting CSR activities is to demonstrate the company's reputation for corporate concern in undergoing social and environmental sustainability. However, the developments that have occurred, it is often found that managers actually use CSR disclosure instead of investors or other stakeholders to monitor company profits. Managers misappropriate CSR information to cover up profit information to investors and potential investors. Budget targets carried out by managers that aim to increase profits are called Earning Management(earning management).

Anggraini (2006) stated that the company conducts CSR information disclosure (CSR disclosure) with the aim of building a positive image of the company, but disguises the company's profit statement is minimal. Managers through Earning Managementcan easily perform intervention actions on financial statements based on accrual accounting. This misappropriation can occur due to lack of supervision of the company.

In order to ensure the implementation of CSR is free from the influence of profit management, Good Corporate Governance (GCG) or good corporate governance in the company is needed. GCG can be used to improve the implementation of CSR disclosure credibility, so as to convince investors and potential investors that CSR disclosure is clean from Earning Managementpractices. The mechanism in GCG is used as a tool to assess management performance with regard to free Earning Managementpractices. According to the National Committee on GCG policy (KNKG, 2006) one of the objectives of GCG is to encourage the achievement of corporate sustainability through management based on the principles of transparency, accountability, responsibility, independence and fairness and equality. Thus, GCG will eliminate Agency Conflicts. Agency conflicts occur when managers as agents have different interests with investors related to the management of the company they do. In KNKG (2006) mentioned that there are several corporate organs that play an important role in the creation of GCG including the General Meeting of shareholders, Board of

Commissioners, and Board of Directors. The board of Commissioners has the duty to supervise management performance and ensure the implementation of the company's strategy. The role of the board of commissioners can improve the quality of profits by limiting the level of Earning Managementthat leads to moral hazard through the monitoring function of financial reporting. In addition, profit and CSR must be disclosed in the annual report, so according to stakeholder theory the information about the company reported in the annual report can affect stakeholder performance (Sunarsih, 2017). Ratnasari and Prastiwi (2010) argue that the existence of an independent commissioner is expected to be neutral to all policies made by the Board of Directors. The existence of an independent board of Commissioners is not affected by management, therefore they tend to encourage the company to disclose more extensive information to its stakeholders. Thus, the larger size of the Board of Commissioners within the company can encourage wider disclosure of social and Environmental Information. The relationship between Earning Managementand GCG is reliability and quality as well as accounting profit will increase when opportunistic managers in Earning Managementare supervised by GCG mechanism (Klein, 2002).Research conducted by Sun, et al (2010) with GCG proxy used is the size of the board of Commissioners and the number of audit committee meetings. Sun, et al (2010) examined the effect of Earning Managementon corporate environmental disclosure (CSR) with the basic assumption that companies that do Earning Managementhave an incentive to disclose CSR as a tool to disrupt the attention of stakeholders on the fraud.
Meanwhile, studies on the role of CSR disclosure on Earning Managementand GCG, there are still differences in research results. Oktafia (2013) in his research stated that: 1) Earning Managementaffects the disclosure of Social Responsibility, 2) the interaction variable between Earning Managementand independent commissioners does not significantly affect the disclosure of Social Responsibility, 3) the interaction variable between Earning Managementand the Audit Committee affects the disclosure of Social Responsibility. While research conducted by Sunarsih (2017) found that: 1) Earning Managementhas no effect on CSR disclosure, 2) the size of the Audit Committee cannot moderate the influence of Earning Managementon CSR disclosure, 3) The Board of Commissioners is unable to moderate the influence of Earning Managementon CSR disclosure. Based on the description above, a common thread can be drawn, that the disclosure of CSR can basically form the credibility of the company, so as to raise a positive image for investors or potential investors to invest their shares in the company. But unfortunately, the practice of disclosing CSR to some company managers is used instead to cover up the company's profit information or the low profitability of the company by exposing the company to CSR activities to stakeholders so that this is as if the company is credible and must have good profitability. This misappropriation of information is called profit management. Earning Managementin addition to providing incorrect information, if caught, Of course, lowers the company's good name and results in negative sentiment on the Stock Exchange. In order to minimize Earning Managementin the company, it is necessary to establish Good Corporate Governance (GCG) or good corporate governance. GCG which is proxied through the Audit Committee, the Board of Commissioners, and the Board of independent commissioners provides certainty and assurance that the company has carried out good governance, transparent, accountable and free profit management.

## 2. LITERATURE REVIEW:

**Corporate Social Responsibility:** Corporate Social Responsibility (abbreviated as CSR) or Corporate Social Responsibility, which is often known as corporate social responsibility to all stakeholders (Kartini, 2013).Various perspectives in looking at CSR have resulted in the emergence of various formulations. Social and Environmental Responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the beneficial environment, both for the company itself, the local community, and society in general" (law no. 40 of 2007 concerning Limited Liability Companies). Heri (2013) argued that Corporate Social Responsibility is the company's commitment to make a long-term contribution to a particular issue in society or the environment in creating a good environment. So it is concluded that Corporate Social Responsibility (CSR) is a sustainable commitment by businesses to behave ethically and contribute to economic development by improving the quality of life of stakeholders in general for the sake of sustainable development processes.

**Earning Management:** Earning management refers to the actions of a manager that serve to increase the current reported profit of the unit for which the manager is responsible without producing a corresponding increase in the long-term economic profitability of the unit (Fischer and Rosenweig, 1995).Whereas Healy and Wahlen (1999) suggest Earning Managementoccurs when managers use valuation in financial reporting and in drafting transactions to alter financial statements to mislead some stakeholders about the underlying economic performance of the firm or to influence the outcome of contracts that depend on reported accounting figures.Hidayat (2016:238) posits that Earning Managementis a deliberate intervention by management in the process of determining profits and costs for personal purposes. So it can be concluded that Earning Managementis the action of managers to use certain decisions in financial reporting and to mislead stakeholders in knowing the economic performance obtained by the company.

**Good Corporate Governance:** The OECD (Organization for Economic Co-operation and Development) defines corporate governance as the system by which a company's business is directed and controlled. Setiawan (2007) stated that corporate governance is the development of legal and regulatory framework in order to achieve corporate governance practices that are beneficial to the company and the economy. So it can be concluded that good corporate governance is based on businesses that are legally directed and controlled in order to achieve healthy and beneficial practices for the economy

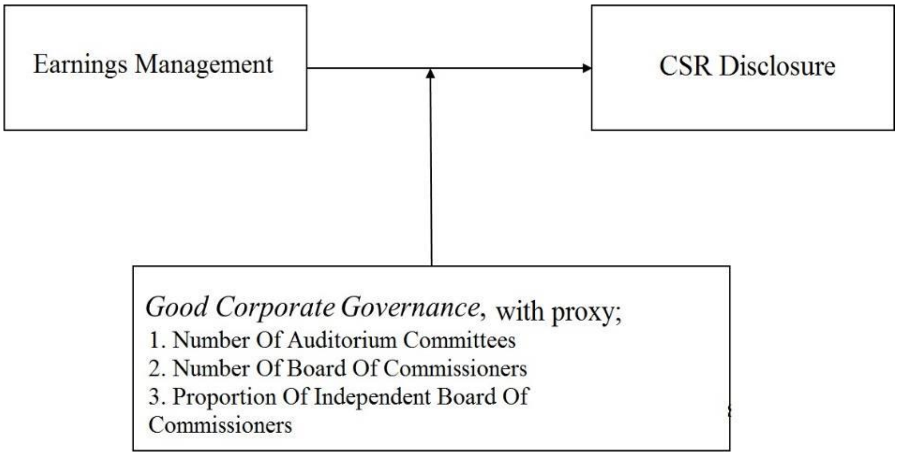


***Figure 1.*** Conceptual Framework

## 3. HYPOTHESIS:

Based on background research and the relationship between variables, the research hypothesis :

- Earning management has a positive effect on Corporate Social Responsibility disclosure.
- Moderated Earning Managementthe number of Audit Committees affects the disclosure of Corporate Social Responsibility.
- Moderated Earning Managementthe number of the Board of Commissioners affects the disclosure of Corporate Social Responsibility.
- Moderated Earning Managementthe proportion of the Board of independent commissioners affects the disclosure of Corporate Social Responsibility.

## 4. RESEARCH METHODS:

This study uses an explanatory research design that serves to test previous theories or hypotheses by showing results that strengthen or weaken the theory or hypothesis.The population in this study are companies listed on the Indonesia Stock Exchange and the target population in this study are food and beverages companies listed on the Indonesia Stock Exchange in 2016-2020 a number of 33 companies. Food and beverages companies have a significant impact so that some have disclosed Corporate Social Responsibility (CSR) in the annual report as a form of social responsibility. The sample selection method used is the purposive sampling method where purposive sampling is a sampling technique with certain considerations (Sugiyono, 2017), which aims to obtain samples in accordance with the specified criteria. So that the number of samples in this study amounted to 50 observation data during 2016-2020 with 10 companies as research samples. Explanatory research design requires construct validity instruments to measure the variables in this study to be empirically proven (Retnawati, 2016). Data collection techniques are the most important step in research, because the main purpose of research is to obtain data. Without knowing the data collection techniques, researchers will not get data that meets the established data standards (Sugiyono, 2017). The data collection method used in this study is by collecting data/collecting information such as financial statements and annual reports that have been issued by Food and Beverage companies in 2016-2020. Data obtained through the official website of the IDX.

## 5. RESULT:

**Regression Equation:**

**Regression Equation Before Using Moderation Variables:**Regression equation before using moderation variables can be seen as in Table 1 below:

**Table 1** Regression Equation Before Using Moderation

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta |
|---|---|---|---|---|
| 1 | (Constant) | .804 | .014 | |
| | ML | .013 | .002 | .661 |

Source: data processing with SPSS Ver. 22, 2022

Based on the data in Table 1 it is obtained:

- Constant value of 0.804 which means that if the variable Earning Managementis zero, then the CSR disclosure of the value of the constant is 0.804.
- The value of the coefficient β1 (profit management) of 0.013, which means that if the variable Earning Managementincreased by 1 unit, the disclosure of CSR of 0.013.

Based on the values obtained above, it can be determined regression equation before using moderation variables as follows:

Y = 0.804 + 0.013 ML + Ɛ

**Regression Equation After Using Moderation Variables:**The regression equation after using the moderation variable can be seen as in Table 2 below:

**Table 2** Regression Equation After Using Moderation

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta |
|---|---|---|---|---|
| 1 | (Constant) | .979 | .149 | |
| | ML*JKA | .031 | .012 | 4.918 |
| | ML*JDK | -.005 | .002 | -.963 |
| | ML*PDKI | -.100 | .050 | -3.371 |

Source: data processing with SPSS Ver. 22, 2022

Based on the data in Table 2 it is obtained:

- The constant value of α is 0.979, which means that if the variable of profit Management*number of Audit Committees, profit Management*number of Board of Commissioners and profit management*proportion of Independent Board of Commissioners is zero, then the CSR disclosure of the constant value is 0.979.
- The value of the coefficient β1 (management profit*number of Audit Committees) amounted to 0.031, which means that if the variable management profit*number of Audit Committees increased by 1 unit by ignoring the value of Management profit*number of Board of Commissioners and management profit*proportion of the Board of Commissioners is independent, then the CSR disclosure of the value of the constant is 0.031.
- The value of the coefficient β2 (management profit*number of Board of Commissioners) of -0.005 which means if the variable management profit*the number of the Board of Commissioners increased by 1 unit by ignoring the value of Management profit*the number of Audit Committees, and management profit * the proportion of the Board of Commissioners is independent, then the CSR disclosure of the value of the constant is -0.005.
- The value of the coefficient β3 (management profit*proportion of the Board of independent commissioners) amounted to -0.100 which means that if the variable management profit*proportion of the Board of independent commissioners increased by 1 unit by ignoring the value of Management profit*number of Audit Committees and management profit*number of the Board of Commissioners, the CSR disclosure amounted to a constant value of -0.100.

Based on the values obtained above, it can be determined regression equation before using moderation variables as follows:

Y = 0.979 + 0.031 ML*JKA-0.05 ML*JDK-0.100 ML*PDKI + Ɛ

**Hypothesis Testing Results:**

**Test The Hypothesis Before Using Variable Moderation:** The results of hypothesis testing before using moderation variables in this study can be seen in Table 3 below:

INTERNATIONAL JOURNAL FOR INNOVATIVE RESEARCH IN MULTIDISCIPLINARY FIELD
ISSN(O): 2455-0620 [ Impact Factor: 7.581 ]
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Volume - 9, Issue - 3, March - 2023 Publication Date: 31/03/2023

**Table 3** Hypothesis Test Results Before Using Moderation Variables

| Model | | T | Sig. |
|---|---|---|---|
| 1 | (Constant) | 56.945 | .000 |
| | ML | 6.103 | .000 |

Source: data processing with SPSS Ver. 22, 2022

Based on Table 3 can be seen the results of the hypothesis test before using the moderation variable for Earning Managementvariable has a significance value of 0.0000< 0.0500 it can be concluded that the Earning Managementvariable partially significant effect on the disclosure of CSR, so Hoditolakdan Haditerima.

**Test The Hypothesis After Using The Moderation Variable**

The results of hypothesis testing after using variabelmoderasigood Corporate Governance (GCG)can be seen in Table 4 below:

**Table 4** Hypothesis Test Resultsafter Using The Moderation Variable

| Model | | T | Sig. |
|---|---|---|---|
| 1 | (Constant) | 6.557 | .000 |
| | JKA | -.437 | .665 |
| | JDK | -.646 | .521 |
| | PDKI | -1.506 | .139 |
| | ML*JKA | 2.547 | .015 |
| | ML*JDK | -2.073 | .044 |
| | ML*PDKI | -2.009 | .051 |

a. Dependent Variable: CSRDI

Source: data processing with SPSS Ver. 22, 2022

- T test results after using the variable moderation for ML * JKA variable has a significance value of 0.0150< 0.0500 it can be concluded that GCG by proxy the number of Audit Committees is able to partially moderate the effect of Earning Managementon CSR disclosure, so Ho is rejected and Ha is accepted.
- T test results after using the variable moderation for ML * JDK variable has a significance value of 0.044< 0.0500, it can be concluded that GCG by proxy the number of Board of Commissioners is able to partially moderate the effect of Earning Managementon CSR disclosure, so Ho is rejected and Ha is accepted.
- T test results after using the variable moderation for variable ML * PDKI has a significance value of 0.051> 0.0500, it can be concluded that GCG by proxy proportion of the Board of independent commissioners is not able to partially moderate the effect of Earning Managementon CSR disclosure, so Ho accepted and Ha rejected.

**Coefficient Of Determination ($R^2$):** Coefficient of determination ($R^2$) is used to determine the percentage of independent variables together can explain the dependent variable. The value of the coefficient of determination is between zero and one.

**Test Determination Before Using Variable Moderation:** The following describes the test results ($R^2$) before using the moderation variables as in Table 5 below:

**Table 5** $R^2$ Test Results before Using Variable Moderation

| Model | R | R Square | Adjusted R Square |
|---|---|---|---|
| 1 | .690[a] | .476 | .429 |

Source: data processing with SPSS Ver. 22, 2022

Based on Table 5 shows that the value of the coefficient of determination produced in the Adjusted R-squared test is 0.429. The results obtained showed that the variable Earning Managementcontributes in influencing the disclosure of CSR by 42.9% while the remaining 57.1% is influenced by other variables.

**Determination Test After Using Moderation Variables:** The following describes the test results ($R^2$) after using variabelmoderation as in Table 6 below:

**Table 6** Test Results $R^2$ After Using The Variable Moderation

| Model | R | R Square | Adjusted R Square |
|---|---|---|---|
| 1 | .696[a] | .485 | .451 |

Based on Table 6 shows that the value of the coefficient of determination produced in the Adjusted R-squared test is 0.451. The results obtained showed that the Earning Managementvariable with GCG as a moderation variable contributed to influencing CSR disclosure by 45.1% while the remaining 54.9% was influenced by other variables.

## 6. DISCUSSION:

**Effect Of Earning Management On CSR Disclosure:** The results showed that Earning Management of CSR disclosure in Food and Beverage companies listed on the Indonesia Stock Exchange. These results are in line with research conducted by Prior, et al. (2008), where they found that managers in companies that do Earning Managementtend to project activities that are good for the environment and social to get support from stakeholders. Managers believe that these activities can meet stakeholder satisfaction, so the suspicion and vigilance of stakeholders can be reduced so that the possibility of Earning Managementpractices observed by stakeholders can also be reduced. With this, the manager also generally has a tendency to commit embezzlement (corruption) through the implementation and disclosure of CSR by utilizing excess profits for consumption and selfish behavior.

**Effect Of Earning Management On CSR Disclosure Moderated By The Number Of Audit Committees**: The results showed that the interaction of Earning Management to the number of Audit Committees moderated the influence on the disclosure of CSR. The existence of the audit committee as corporate governance can improve the relevance and reliability of corporate information disclosure, and also as an integral part is expected to increase accountability and transparency in the implementation and disclosure of social responsibility information in the company's annual report (Oktafia, 2013). The Audit Committee is a committee formed by the company from internal sources, however, the Audit Committee must uphold the principles of compliance and openness in carrying out their duties and roles. The Audit Committee is a representative of the Board of Commissioners who directly checks the company's operations, in contrast to the Board of Commissioners who have the task of supervising the Board of directors but not operationally. As a Food and Beverage company is closely related to the quality of food quality. Thorough supervision is needed to ensure that operations run well, to ensure the quality and quality of the products they produce can be accounted for. In this case, the Audit Committee can directly monitor the company's operations, from purchasing, processing to delivery.

**Effect Of Earning Managementon CSR Disclosure Moderated By The Number Of Board Of Commissioners:** The results of the study found that the interaction of Earning Management with the number of the Board of Commissioners moderated negatively to the disclosure of CSR. This result shows that the function of the Board of Commissioners is able to weaken the relationship between Earning Managementand CSR disclosure. The larger the number of Board of Commissioners, the easier it is to control management. The Board of Commissioners is responsible for overseeing the activities of the Board of Directors. The board of Commissioners further provides input to the Board of Directors regarding the direction of the company in accordance with applicable regulations. Potential investors always try to find the credibility of the company as a whole, this is to ensure that the company does not run Earning Managementpractices so that their profits look good. The presence of the Board of Commissioners is expected to be able to supervise the company's performance in this case the Board of Directors to ensure the company does not run Earning Managementpractices. This also means that the board of Commissioners has a tendency to hinder the management in performing Earning Managementactions, so that the quality of reported profits will be higher.

**Effect Of Earning Managementon CSR Disclosure Moderated By The Proportion Of Independent Board Of Commissioners:** The results of the study found that the interaction of Earning Managementwith the proportion of the Board of independent commissioners could not moderate the influence of CSR disclosure. The results of this study are in line with what was found by Octafia (2013) but not in line with what was stated by Saidet. al (2009) which states that independent commissioners can better monitor the management of the company so that it will increase the amount of information to be reported in voluntary disclosure.

In order to convince investors, one of the activities carried out by the company is to have an independent board of Commissioners, where all members of The Independent Board of Commissioners are independent of shareholder affiliation, the Board of Directors and the Board of Commissioners. The presence of an independent board of Commissioners is required for their experience in accordance with their field, in this case of course related to the company's social activities. Through the agency theory and signaling theory, states that the company has a conflict of interest issue between managers and investors, where managers try to send positive signals through positive CSR activities, but unfortunately these activities are precisely to divert the company's profitability, where in this case the manager performs Earning Managementto balance CSR activities.

## 7. CONCLUSIONS:

Based on the results of research and discussion it can be concluded that :

- Earning management has a positive effect on CSR disclosure in Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2016 – 2020.
- Earning management moderated by the number of Audit Committees had a positive effect on the disclosure of CSR in Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2016 – 2020.
- Earning management moderated by the number of Board of Commissioners had a negative effect on CSR disclosure in Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2016 – 2020.
- Earning management moderated by the proportion of The Independent Board of Commissioners has no effect on the disclosure of CSR in Food and Beverage companies listed on the Indonesia Stock Exchange period 2016 – 2020.

## 8. MANAGERIAL IMPLICATIONS:

**Practical Implications:** The results of this study can be used as a reference for the management of Food and Beverage companies in Indonesia, that it has been proven that profit management through GCG can simultaneously increase CSR disclosure. Currently, Food and beverage companies face challenges in how to manage companies with quality and health standards that are maintained. Through well-programmed GCG activities, this is in addition to being able to raise the positive image of the company through the disclosure of CSR. The results showed that comprehensive supervision helps Food and beverage companies implement CSR disclosure practices free from profit management practices. As previously stated, Based on the theory of agency, CSR disclosure can be a diversion of profit that is not good, so that the potential for profit management can occur, but from this study it was found that through supervision through the Audit Committee, the Board of Commissioners and the Board of independent commissioners proved to be convincing for potential investors that the company does not run profit management practices.

**Theoretical Implications:** The results of this study indicate that the results of the determination test after using the moderation variable obtained by 45.1% in other words, there are 54.9% of other variables that are not included in this study but have an impact on CSR disclosure, therefore as a theoretical implication, it is necessary to research CSR disclosure in Food and Beverage companies by looking at other variables, among others, the value of the company or the size of the company. This is related to the theory of signaling, where the disclosure of CSR should really purely describe the activities of companies that are free from profit management practices. The value of the company and the size of the company is a variable that is able to show a signal to potential investors, where the higher the value of the company and the size of the company, the greater the desire of investors to invest their shares in the company.

This research was conducted on food and Beverage companies, current CSR practices are also widely highlighted in Plantation and mining companies, where both companies purely manage Indonesia's natural resources, and negative issues related to environmental management are very massive in both types of industries. The next theoretical implications can be done research on the disclosure of CSR in Plantation and or mining companies, it also answers whether environmental issues are answered Well by the company's management or they are not able to manage it well, so that the management of CSR is not good, will certainly have an impact on investor interest to invest their shares.

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