

ABSTRACT

This study aims to analyse the effect of financial performance and GCG on impression management in MD&A reports with earnings management as a mediating variable and mass media pressure as a moderating variable. The research sample consists of 1,032 units of analysis of Indonesian companies that experienced losses during 2018-2023. The data collection technique uses documentation in the form of annual reports published on the company's website, as well as news coverage obtained from the official website of the mass media. The data analysis technique uses Partial Least Squares (PLS). The results showed that ROA_{t-1} has no effect on MR and MT, but has a positive effect on MK. GCG has a negative effect on MR and MK, but no effect on MT. Earnings management positively affects MR and MT but does not affect MK. Earnings management has been proven to mediate the effect of ROA_{t-1} on MR and MT, but not on MK. Earnings management can mediate the effect of GCG on MT, but fails to influence MR and MK. Mass media pressure cannot moderate the effect of ROA_{t-1} on MR and MK, but it moderates the effect on MT. Mass media pressure can change the direction of the relationship between the influence of GCG on MR, MT, and MK. Mass media pressure moderates the indirect effect of ROA_{t-1} on MT through earnings management, but fails on MR and MK. Mass media pressure moderates the indirect effect of GCG on MT through earnings management, but fails on MR and MK.

This study provides theoretical implications (1) providing an understanding of earnings management and impression management behaviour in MD&A reports at the agency theory level as a manifestation of information asymmetry, (2) providing knowledge of the concept of impression management as a strategy to obtain symbolic legitimacy from stakeholders, (3) adding the concept of substantive legitimacy in the form of GCG and mass media pressure as an implication of multi-stakeholder governance as a supervisory function and/or pressure function for management behaviour. The practical contribution of this research is that it is one of the indicators of measuring the quality of MD&A reports and providing input on the importance of minimum rubrics in preparing narrative reports.

The limitation of this study is that it only focuses on companies that experience losses. The high level of information on the internet in the form of news repetition causes data quantification difficulties. Suggestions for future research are to compare the impression management trends of healthy and unhealthy companies. Mass media pressure can be distinguished from positive news and negative news.

Keywords: Impression Management, Thematic Manipulation, Rhetorical Manipulation, Readability Manipulation, Earnings Management, Financial Performance, Good Corporate Governance, Mass Media Pressure