

ABSTRACT

This study aims to analyze the effect of earnings management on Corporate Social Responsibility (CSR) disclosure and to examine the moderating role of corporate governance mechanisms in that relationship. The population of this study consists of consumer non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024. Using purposive sampling, a final sample of 114 observations from 38 companies was obtained.

CSR disclosure was measured using content analysis based on 117 items from GRI Standards 2021, while earnings management was proxied by discretionary accruals estimated through the Modified Jones Model. Corporate governance was proxied by five indicators: board of commissioners size, board meeting frequency, managerial ownership, institutional ownership, and audit committee size. Data were analyzed using Moderated Regression Analysis (MRA) with IBM SPSS. The results show that earnings management has a significant positive effect on CSR disclosure, indicating that companies engaging in higher earnings management tend to disclose CSR more broadly as a strategy to divert stakeholder attention from opportunistic financial reporting behavior.

Among the five corporate governance proxies, only board of commissioners size significantly moderates the relationship between earnings management and CSR disclosure, weakening the positive effect. The remaining proxies board meeting frequency, managerial ownership, institutional ownership, and audit committee size do not significantly moderate this relationship. These findings suggest that effective board supervision is the primary governance mechanism capable of constraining earnings management-driven CSR disclosure. The study contributes empirical evidence to agency theory, legitimacy theory, and stakeholder theory in the context of Indonesian listed companies.

Keywords: Earnings Management, Corporate Social Responsibility Disclosure, Corporate Governance, Board of Commissioners, Modified Jones Model

FEB UNDIP