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Factors Affecting Revenue Management In The Registered Food And Beverage Sector Of The Indonesian Stock Exchange

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Earnings Management, Corporate Governance, Firm Performance, and Corporate Social Responsibility are key terms.

Abstract: This study's objective was to investigate the corporate governance, company performance, and corporate social responsibility factors that influence earnings management in the food and beverage sector listed on the Indonesia Stock Exchange. This study employs an exploratory descriptive approach to identify indications of the impact of corporate governance, corporate performance, and corporate social responsibility on corporate earnings management. The research sample comprises as many as 34 food and beverage manufacturing companies. This study employs panel data regression for its data analysis method. Using E-Views 10.0, the available data was examined. Results indicated there was no effect of corporate governance on firm performance, no effect of corporate governance on earnings management, an effect of corporate responsibility on corporate responsibility, a negative effect of firm performance on earnings management, a positive influence of corporate responsibility on earnings management, and a negative effect of corporate governance on earnings management that was statistically significant. Implications of the research: corporate governance should focus on earnings management by evaluating company performance, corporate governance, and corporate responsibility. This study can be used as a foundation for developing prior research in order to obtain empirical evidence regarding the factors that influence earnings management.

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INTRODUCTION

Earnings values must be independent of account dependencies (no one-time effects) and reflective of long-term trends. To ensure pertinent quality scores and results, it is crucial to consider appropriate measurements. Specifically, Menicucci (2020) demonstrates that by analysing time series data from earnings, four measures of earnings quality can be determined, including persistence, which determines the extent to which a specific innovation will generate consistent income in the future, and predictability, which is used to calculate profits. capacity in the distribution of innovation. implemented, volatility, to measure fluctuations in income resulting from implemented innovations, and smoothness, to eradicate output fluctuations that occur, in order to evaluate an administrator's completion efforts.

Application of the concept of corporate governance (Corporate governance) with the intention of protecting proprietors of capital so that they feel secure with investments made with the goal of achieving investment value and profits. The implementation of the concept of corporate governance is based on agency theory, which emphasises the relationship between the company's proprietor and its management system as the company's wheels. In its capacity as executor, management bears entire responsibility for maximising profit, and the greater the company's profit, the greater the compensation it will receive. Corporate Governance not only affects the relationship between the Board of Directors (BOD) and shareholders, but also the relationship with employees, suppliers, customers, and most importantly, the community and society in general (Asghar et al, 2020).

Concerns regarding corporate governance in emerging markets have grown annually due to ineffective management supervision and recurrent bankruptcy issues. These issues are the result of a weak corporate governance system and the absence of company norms and regulations (Buallay et al., 2017). Asghar et al. (2020) discovered that the mechanism for a well-structured company is management's diligent use of available resources. Corporate governance assists businesses in mitigating conflicts between empowered management and shareholders. Effective corporate governance not only reduces information asymmetry and increases operational efficiency, but it also discourages management from engaging in corrupt practises and maximises shareholder wealth. The majority of practitioners agree that capital market participants contribute more value to companies with a better-managed system.

Corporate governance refers to the procedures and processes by which the CEO, board of directors, and senior management direct and control an organisation. Literature emphasises that the board of directors is an essential and highly effective internal mechanism of Corporate Governance, serving two crucial functions within a company. In its function as overseer, the board devotes time and resources to monitoring the firm's performance and senior management's actions. (Pucheta-Martnez and Gallego-lvarez, 2020) According to previous theories, an effective Corporate Governance system can increase investor and employee confidence in a company, thereby increasing Firm Performance.

In their research, Pekovic and Vogt (2021) devised and tested a model in which Corporate Governance characteristics play a simple role in the relationship between Corporate Social Responsibility and Firm Performance. This study contributes significantly by demonstrating that the relationship between Corporate Social Responsibility and Firm Performance is contingent upon the 'fitness' of Corporate Social Responsibility and Corporate Governance. This demonstrates that Corporate Social Responsibility's effect on a company's performance must be evaluated within the context of Corporate Governance. In addition, the characteristics of Corporate Social Responsibility include voluntary actions and behaviours that promote the welfare of stakeholders and are carried out by businesses. Using panel data, Buallay et al. (2020) examined the relationship between Corporate Social Responsibility disclosures and operational, financial, and market performance (using ROA, return on equity (ROE), and Tobin's Q (T)).

Firm Performance (company performance) influences a company's value. Profitability is one metric of business performance. Profitability growth will increase earnings per share. The earnings growth of a company can attract investors. Investors value the company's competent resource management and positive outlook (Herninta, 2019). Companies must pay attention to all of their non-financial responsibilities, including the environment and the social environment, in addition to their financial affairs. These actions pertain to corporate social responsibility (CSR) or corporate social environmental concerns. Corporate responsibility is no longer an impediment to a company's ability to generate a profit; rather, CSR helps companies achieve long-term profitability (Sisca, 2022).

From a theoretical standpoint, the researcher identified a lacuna in the literature as a result of the fact that few articles cover simultaneously Corporate Governance, Corporate Social Responsibility, and Earnings Quality when assessing Firms Performance in Indonesia. The authors are interested in conducting research in Indonesia using the same variables as the title "Factors Affecting Earnings Management in the Food and Beverage Sector Listed on the Indonesia Stock Exchange" based on the background of the problem described above with reference to Elzahaby's article (Elzahaby, 2021) and the novelty of this study, the addition of the Corporate Social Responsibility variable, which refers to Ruwanti's panelitian (2017).

METHODS

The data utilised for this study are secondary data. This study's data originated from the company's annual report, which was obtained from the website of the Indonesian Stock Exchange, www.idx.co.id. This research data comprises of all manufacturing companies listed on the Indonesia Stock Exchange between the years of 2017 and 2021.

Sampling Technique

The sampling technique used in this study was purposive sampling, which means that the population used as the research sample was a company in the food and beverage manufacturing industry that met specific criteria. The following are the criteria:

Listed food and beverage manufacturing companies on the Indonesia Stock Exchange between 2017 and 2021.

Companies that have published annual financial reports, specifically from 2017 to 2021, and have not been delisted for a specified period of time.

During the period of 2015-2019, the Indonesia Stock Exchange (IDX) is accessible to food and beverage manufacturers whose annual and comprehensive financial reports use the rupiah currency.

Companies that have consistently distributed dividends every year between 2017 and 2021.

Data Testing Techniques

This study uses panel data regression to examine and analyse the impact of corporate governance, firm performance, and corporate social responsibility on earnings quality for companies in the food and beverage manufacturing industry that are listed on the Indonesia Stock Exchange during the period 2017-2021. The panel data model contained in the panel data regression, specifically the common effect, the fixed effect, and the random effect. Using the E-views 10.0 software, the available data is then analysed and evaluated.

RESULTS AND DISCUSSION

Test of Multicollinearity

A multicollinearity test was conducted to determine whether the regression model takes the relationship between the independent variables into account. If the independent variables are correlated, the correlation between them will also be correlated; therefore, it is not orthogonal and must equal zero (Ghozali, 2018). The following is the outcome of the multicollinearity analysis that was conducted.:

Tabel 2. Uji Multikolinearitas

Variabel	1	2	3	4
Corporate Governance	1.000000			
Firms performanfe	-0.312751	1.000000		
Corporate Social Responsibility	-0.241063	0.234086	1.000000	
Earning Qualiti	0.136880	-0.223670	-0.478382	1.000000

Sumber: Data diolah (2023)

According to the results of the multicollinearity test (table 4), the correlation between Corporate Governance, Firm Performance, Corporate Social Responsibility, and Earning Quality does not exceed 0.80, indicating that the correlation between research variables is weak. In conclusion, it was determined that the data analysed in this study passed the multicollinearity assumption test.

Test of Heteroscedasticity

The preferable regression model is homoscedastic or non-heteroscedastic (Basdekis & Lyras, 2020). This analysis uses the Glejser test to determine whether the data exhibit heteroscedasticity; if the p-value is greater than 0.05, the variable is deemed free of heteroscedasticity (Elsye Hatane et al., 2017). The Glejser test recommends regression of the residual absolute values of the independent variables (Chandra et al., 2017).

Tabel 3. Uji Heteroskedastisitas

Variabel	t-Statistic	Prob.	Hasil
Corporate Governance	-1.064146	0.1473	Tidak terjadi Heteroskedastisitas
Firms performanfe	0.074906	0.8723	Tidak terjadi Heteroskedastisitas
Corporate Social Responsibility	1.463548	0.1221	Tidak terjadi Heteroskedastisitas
Earning Qualiti	-1.023602	0.2472	Tidak terjadi Heteroskedastisitas

Sumber: Data diolah (2023)

According to the results of the heteroscedasticity test (table 5), the probability value of Corporate Governance, Firm Performance, Corporate Social Responsibility, and Earning Quality is not less than 0.05. In conclusion, this study's processed data did not exhibit heteroscedasticity issues.

Model Fitness Exam

In the panel data regression analysis, three models are used: the common effect model (pooled least square), the fixed effect model, and the random effect model. Three phases of testing, namely the chow test, lagrange multiplier, and hausman test, must be conducted in order to determine the correct and optimal model for interpretation:

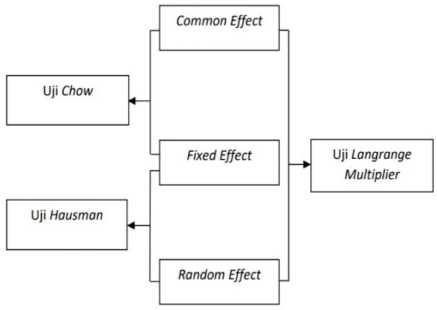

Figure 2 Selection Panel Date

In this model, the chow test is used to select the pooled lean square or fixed effect method, followed by the Hausman test and the Langrange Multiplier test to select the fixed effect or random effect model and the common effect model or random effect model, respectively. Following are the procedures for testing panel data:

Chow exam

The Chow test is used to determine which of the common effect and fixed effect models is more appropriate. The Chow test is predicated on the null hypothesis that there is no individual heterogeneity, and the alternative hypothesis that there is cross-sectional heterogeneity. In this experiment, the following hypotheses were tested:

H0: the common effect model is the correct model.

Ha: the fixed effect model is the correct model.

Decision-making standards:

a. If Prob. cross section of chi-square is less than 0.05, then H0 is rejected and the fixed effect model is chosen.

b. If the probability of the cross section of chi-square is greater than or equal to 0.05, then H0 is accepted, and the common effect model is selected.

If the test results indicate that the selected model is a fixed effect model, the Hausman test is required to compare the fixed effect model with the random effect.

Tabel 4 Hasil *Chow Test, Hausman Test* dan *LM Test*

Chow Test			
Dependen	Chi-square	Prob	Keputusan
EM	81.932575	0.0000	Ditolak H_0, Fixed Effect terpilih
Hausman Test			
Dependen	Chi-square	Prob	Keputusan
EM	7.146061	0.0674	Diterima H_0, Random Effect terpilih
LM Test			
Dependen	Chi-square	Prob	Keputusan
EM	0.0005	0.0003	Ditolak H_0, Random Effect terpilih

(L-M) Lagrange-Multiplier Test

L-M Test is a test used to determine whether the Random Effect model or the Common Effect model is more suitable for estimating the regression model from the available data. The lagrange multiplier test hypothesis is:

H0: the common effect model is the correct model.

Ha: the random effect model is the correct model.

Decision criteria: a. If Prob. cross section of chi-square 0.05, then H0 is rejected, and Random effect is the selected model.

b. If the probability of the cross section of chi-square is greater than or equal to 0.05, then H0 is accepted, and the common effect model is selected.

Hausman exam

The Hausman test is demonstrated to determine which model is superior and more suitable for use in research. The results of the Hausman test can be used to choose between two models: the fixed effect model and the random effect model. The Hausman test is also used to determine whether the model used has heterogeneity between the characteristics of the fixed effect model and the random effect model. This experiment is conducted with the following hypothesis:

The appropriate model is random effect (individuals interfere with one another).

Ha: the appropriate paradigm to employ is a fixed effect (no inter-individual interference).

Decision criteria: a. If the probability of the chi-square value is less than 0.05, then Ho is rejected and the fixed effect model should be used.

b. If the probability of the chi-square result is greater than or equal to 0.05, then H0 is accepted and the random effect model should be used..

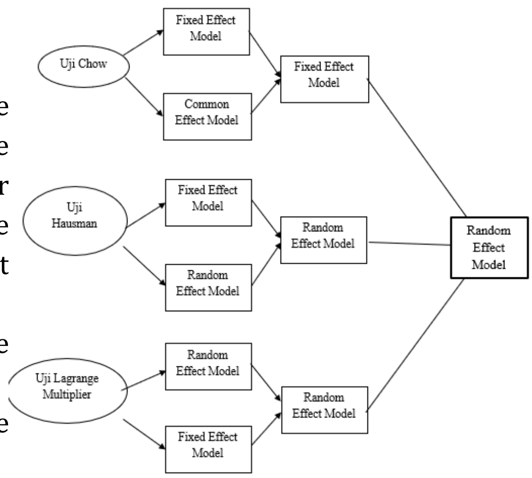

Figure 3 Results of Paired Tests

Based on the preceding image, after processing and testing using the Chow test, Hausman test, and Lagrange Multiplier test, the results are as shown. Therefore, it can be concluded that the Random Effect Model for panel data regression will be utilised in future research.

Test concurrent (Test F)

The ANOVA test, also known as the F test, demonstrates that all the independent variables mentioned in the model influence the dependent variable simultaneously. This is the hypothesis to be tested:

The independent variables have no effect on the dependent variable when combined.

The independent variables influence the dependent variable jointly.

Decision-making standards:

a. H0 is rejected if the probability F is significant 0.05. The purpose of these findings is to demonstrate that the independent variables have no influence on the dependent variable, thus rendering the regression model inapplicable.

b. H0 is accepted if the probability F is significant > 0.05. The purpose of these results is to demonstrate that the independent variables influence the dependent variable simultaneously, making the regression model usable.

According to the F test results, the probability of the F-statistic characterising the model accuracy test of the company's profitability on the independent variable is 38.91190 with a probability value of 0.000000 0.05. Therefore, H0 is refuted. The purpose of these results is to demonstrate that the independent variables influence the dependent variable simultaneously, making the regression model usable.

.05), it can be concluded that this study's regression model is applicable.

Tabel 5. Hasil Uji F dan Uji *Goodness of Fit*

Uji F			
Dependen	F-Statistic	Prob	Keputusan
EM	11.23186	0.000001	Ditolak H_0, Model Layak
Uji *Goodness of Fit*			
Dependen	R^2		Adjusted R^2
EM	0.168735		0.153712

Sumber: Output regresi data panel E-Views 10.0

Test of Goodness of Fit (Adjusted R2)

The test of goodness of fit was conducted to determine how well the independent variable could explain the behaviour of the dependent variable. The significance of this test is indicated by the adjusted r-squared value in the regression model. If the adjusted r-square is near to 1, this indicates that the model's independent variables adequately explain the dependent variable. The basis for making decisions is:

If the value of R2 is near to 1, the relationship between the independent variables and the dependent variable is very strong.

2.If R2 is near to zero, the results indicate that the relationship between the independent variable and the dependent variable is very weak.

The multiple regression analysis calculation results for the Adjust R Square value yielded an Adjust R Square value of 0.153712. This number is then converted to a percentage, which indicates the extent to which the percentage of the independent variable can explain the dependent variable. Corporate Governance, Firm Performance, and Corporate Social Responsibility variables explain 0.15 percent of the Earning Management variables in this study. The remaining 0.85% is influenced by variables not accounted for in this regression model.

Data analysis technique

The following data analysis technique was used for this study:

Multiple Panel Regression Analysis

Multiple linear regression of panel data is a combined regression analysis of cross-section and time series data that predicts intercept and slope values. This regression analysis examines the influence of two or more independent variables on a dependent variable. As for the research, the independent variables used are corporate governance (X1), firm performance (X2), and corporate social responsibility (X3), while earnings management (Y) is the dependent variable.

The equation for regression is as follows:

EMit= 1 plus a CGit plus b FPit plus c CSRit plus it

FPit equals 2 plus a CGit plus eit.

CSRit = 3 plus a CGit plus eit.

Firm Performance mediates the relationship between Corporate Governance and Earnings Management (Equation 4): EMit = 4 + cCGit plus b FPit plus eit

Corporate Social Responsibility mediates the relationship between Corporate Governance and Earnings Management (Equation 5): EMit = 5 + cCGit plus b CSRit plus it

= Constant a, b, c, c Information= Correlation Coefficient

EMit equals Profit Management

Corporate Governance = CGit

FPit = Performance of Firms

Corporate Social responsibility (CSRit)

eit = mistake

Test in Part (Ttest)

This test was conducted to determine the relationship between each independent variable, namely corporate governance (X1), firm performance (X2), and corporate social responsibility (X3), and the dependent variable, earnings management (Y). assuming that the other variables remain unchanged. The following is the t test's hypothesis:

The independent variable has no effect on the dependent variable, as stated by the null hypothesis H0.

The independent variable impacts the dependent variable.

The deciding factors are:

If the sig. probability value is greater than, then the null hypothesis (H0) is accepted, indicating that the independent variable has no effect on the dependent variable.

If sig. probability = 0.05, then the null hypothesis H0 is rejected, indicating that the independent variable influences the dependent variable.

Results of Research and Discussion
Data evaluation Descriptive Figures

Descriptive statistical analysis provides a comprehensive explanation or description of the study's variables. The independent variables used for earnings management (Y) are corporate governance (X1), firm performance (X2), and corporate social responsibility (X3). research based on existing theories and methodologies and generating generally accepted conclusions. This study employs the minimum value, maximum value, average value, and standard deviation for each variable in its descriptive analysis..

Tabel 6. Hasil Analisis Statistik Desktiptif

Keterangan	*Earnings Management*	Corporate Governance	Firms Performance	Corporate Social Responsibility
Mean	-0.035447	-8.586870	-1.384093	0,591725
Maximum	0.000000	-7.113938	0.919202	0.7917
Minimum	-2.162080	-10.76173	-7.824311	0,2917
Std. Dev.	0.206183	0.714308	1.154780	0.1056907
Observations	170	170	170	170

Sumber: Hasil pengolahan data eviews 10, 2023

1. Profit Management

The descriptive statistical test results presented in table 4.3 indicate that Earnings Management has the lowest value of -2,162,080 and the highest value of 0.000000. The mean (average) value is -0.035447, and the standard deviation is 0.206183.

Corporate Management

The descriptive statistical test results in table 4.3 indicate that corporate governance has a minimum value of -10.76173 and a maximum value of -7.113938. The mean (average) value is -8.586870, and the standard deviation is 0.714308.

3. Company Performance

According to the descriptive statistical test results in table 4.3, Firms Performance has a minimum value of -7.824311 and a maximum value of 0.919102. The mean (average) value is -1.384093, and the standard deviation is 1.154780.

Corporate Social accountability

The descriptive statistical test results in table

4.3 reveal that corporate social responsibility has a minimum value of 0.2917 and a maximum value of 0.7917, a mean value of 0.591725, and a standard deviation value of 0.1056907.

Analisis Data Panel

Multiple Panel Regression

Multiple linear regression of panel data is a combined regression analysis of cross-section and time series data that predicts intercept and slope values. This regression analysis examines the influence of two or more independent variables on a dependent variable. As for the research, the independent variables used are corporate governance (X1), firm performance (X2), and corporate social responsibility (X3), while earnings management (Y) is the dependent variable.

EMit = 0.287502 + 0.029702 CG + 0.082443 FP - 0.055116. CSR

The second equation is FPit= -8.715727 - 0.093098 CG.

CSRit = -8.495492 + 0.109007 CG t (Equation 3)

EMit equals -0.040840 - 0.004892 CG - 0.118389 FP

EMit equals -0.006361 -0.118212 CG plus -0.006257 CSR

1. The above regression results indicate that the Earnings management constant value is 0.287502, which means that if the variables corporate governance (X1), firm performance (X2), and corporate social responsibility (X3) have a value of 0, then the Earnings management level of beverage manufacturing companies listed on the IDX will increase by 0.287502 units.

Corporate Management

Corporate Governance variable coefficient value has a negative value of -0.118389. This demonstrates that for every one-unit increase in Corporate Governance, Earnings Management will decrease by -0.118389, assuming all other independent variables are held constant.

3. Company Performance

The coefficient value for the Firms Performance variable is -0.004892, which is negative. This indicates that for each one-unit increase in Firms Performance, Earnings Management will decrease by -0.004892, assuming all independent variables are held constant.

Corporate Social accountability

The Corporate Social Responsibility variable has a negative coefficient value of -0.006257. This indicates that for every one unit increase in Corporate Social Responsibility, Earnings Management will increase by 0.006257, assuming all other independent variables remain constant or fixed.

1. Corporate Social Responsibility mediates the relationship between Corporate Governance and Earnings Management.

Corporate Governance has a negative coefficient value of -0.006361, and CSR has a negative coefficient value of 0.118212. This indicates that for every one-unit increase in Corporate Governance mediated by Corporate Social Responsibility, Earnings Management will increase by 0.006257 units, assuming all variables are freely variable and under constant or fixed conditions.

Test of a Sample (T-test)

This test was conducted to determine the relationship between each independent variable, namely corporate governance (X1), firm performance (X2), and corporate social responsibility (X3), and the dependent variable, namely earning management (Y), with the other variables held constant. The following is the t test's hypothesis:

The independent variable has no effect on the dependent variable, as stated by the null hypothesis H0.

The independent variable impacts the dependent variable.

The deciding factors are:

1. If the significant probability value is greater than, then the null hypothesis H0 is accepted, indicating that the independent variable has no effect on the dependent variable.

2. If sig. probability = 0.05, then the null hypothesis H0 is rejected, indicating that the independent variable influences the dependent variable.

Tabel 7. Uji Parsial (T-test)

Hipotesis	Variable	Coefficient	Prob.	Keterangan
	C	0.287502	0.2008	
1	CG_EM	0.029702	0.2465	Tidak Berpengaruh
2	CG_FP	-0.093100	0.0501	Tidak Berpengaruh
3	CG_CSR	0.109007	0,0036	Berpengaruh
4	FP_EM	0.082443	0.0000	Berpengaruh
5	CSR_EM	0.055116	0,0052	Berpengaruh
6	CG_FP_EM	-0.004892	0.0022	Negatif Berpengaruh
7	CG_CSR_EM	0.006257	0.0584	Tidak Berpengaruh

Sumber: Hasil pengolahan data eviews 10, 2023

1. Corporate Governance with Respect to Profit Management

According to the table, the probability value of Corporate Governance is 0.2465, which is greater than 0.05. Therefore, it can be concluded that the Corporate Governance variable has no significant effect on earnings management, and the first hypothesis is therefore rejected.

Corporate Governance and Performance of Firms

Table 7 reveals that the probability value of Corporate Governance is 0.0501, which is greater than 0.05. Since this value is greater than 0.05, it can be concluded that Corporate Governance has no significant effect on Firms Performance, thus accepting the second hypothesis. The coefficient's magnitude is 0.029702. This study concludes that Corporate Governance has no effect and that there is a significant gap between Corporate Governance and Firms Performance.

3. Corporate Governance with Respect to Corporate Social Responsibility It can be seen from the table that the probability value of Corporate Governance is 0.0036, which is less than 0.05. Therefore, it can be concluded that Corporate Governance has a significant effect on Corporate Social Responsibility, thus the third hypothesis is accepted.

4.Performance of Firms in terms of earnings management The probability value of Corporate Governance is 0.0000, which is less than 0.05, so it can be concluded that the Firms Performance variable has a significant negative effect on earnings management, thus accepting hypothesis number four. The coefficient's magnitude is 0.0083. This study concludes that Firms Performance has a positive and statistically significant effect on earnings management.

5.Corporate Social Responsibility and profitability management From the table, it can be seen that the probability value of Corporate Social Responsibility is 0.0052, which is less than 0.05. Therefore, it can be concluded that the Corporate Social Responsibility variable has a significant impact on earnings management, thus accepting hypothesis number five.

6.Corporate Governance's influence on earnings management as mediated by firm performance. According to the table, the probability value of Corporate Governance is 0.0022, which is less than 0.05; therefore, it can be concluded that Corporate Governance has a significant negative effect on earnings management. It indicates in firm performance mediation that the sixth hypothesis is adopted. The coefficient's magnitude is -0.004892. This study concludes that there is a negative and statistically significant relationship between Corporate Governance and earnings management, which is mediated by Firms Performance.

7.Corporate Social Responsibility mediates the relationship between corporate governance and earnings management. The table indicates that the probability value of Corporate Governance is 0.0584, which is greater than 0.05; therefore, it can be concluded that Corporate Governance has no significant impact on earnings. The seventh hypothesis regarding management mediated by Corporate Social Responsibility is therefore rejected. The coefficient's magnitude is 0.006257. This study concludes that Corporate Governance and Corporate Governance have no significant effect on earnings management as mediated by Corporate Social Responsibility.

Tabel 8. Pengaruh CG terhadap EM dimediaasi FP dan CSR

		FP		CSR	
	Langsung	Tidak Langsung	Total Efek	Tidak Langsung	Total Efek
CG	0.029702	0.000579	0.030281	-0.000740	0.028962

The indirect effect of Corporate Governance on Earnings Management via Financial Performance is greater than the direct effect of Corporate Governance on Earnings Management. This result indicates that the hypothesis H6 cannot be rejected. The preceding table demonstrates that the indirect influence is greater than the direct effect. This indicates that FP is the intermediary between CG and EM.

Corporate Governance's indirect effect on Earnings Management via Corporate Social Responsibility (total effect = 0.028962) is less than its direct effect on Earnings Management (direct result = 0.02970). This result indicates that H7 is invalid. The aforementioned table demonstrates that the cumulative effect is less than the direct effect. This demonstrates that CSR does not serve as a mediator between CG and EM.

DISCUSSION

How corporate governance impacts earnings management.

According to the researcher's findings, the Corporate Governance variable has no significant impact on earnings management; therefore, the first hypothesis is rejected. The findings are consistent with Mardianto and Latifa Carinta's (2019) assertion that corporate governance has no impact on earnings management. The findings contradict Wieta Chairunesia's (2018) conclusion that corporate governance has no influence on earnings management. Earnings management has no effect on corporate governance, so corporate governance mechanisms can be expected due to earnings management. The occurrence of earnings management is caused by the decision of management to alter financial statements, which can delude stakeholders. Good corporate governance mechanisms are characterised by management ownership, audit committees, and independent commissioners. Because the presence of an audit committee and independent commissioners seeks to oversee the company's activities to ensure the achievement of company goals, it can reduce earnings management due to their supervisory authority within the company.

Corporate governance's effect on firm performance

This study concludes that Corporate Governance has no effect and that there is a significant gap between Corporate Governance and Firms Performance. This study's findings concur with Inka Ayu et al.'s 2021 conclusion that corporate governance has no effect on firm performance. The findings of this study contradict Aziz's (2017) conclusion that corporate governance influences firm performance. According to the findings of this investigation, there is no correlation between Corporate Governance and firm performance. This indicates that corporate governance has a negative effect on company performance. Managers cannot use corporate governance to surmount agency problems between agents and owners. Transparency of company information to the public should be a tenet of corporate governance that encourages superior managerial performance. It is suspected that corporate governance increases the duties and responsibilities of managers, but this is not accompanied by an increase in managers' well-being. Meanwhile, corporate governance and company performance are unrelated. Disclosure of corporate governance information by companies in Indonesia has not been effectively implemented and is still administrative in nature.

Corporate governance's effect on corporate social responsibility

Corporate Governance has a significant impact on Corporate Social Responsibility; therefore, the third hypothesis is supported. This indicates that Corporate Governance is ineffective at promoting corporate social responsibility when companies with corporate social responsibility report stable, non-volatile income. The preceding discussion demonstrates that corporate social responsibility companies are associated with high-quality earnings, devoted representation, and dispute resolution relevance. CSR can affect company value for a number of reasons, including the following: (1) management recognises the importance of CSR as a long-term social investment; (2) management recognises that corporate responsibility is not only for shareholders but also for other interested parties; and (3) disclosure of CSR is a signal that the company has implemented good corporate governance. (4) Investors have responded positively to information on corporate social responsibility, and (5) the company has effectively conveyed CSR messages so that the meaning of CSR is well understood by other interested parties.

The Impact of Organisational Performance on Earnings Management

According to the findings of this study, there is a significant relationship between Firms Performance and Firms Performance and earnings management. Performance Utilising assets for action activities demonstrates a company's management prowess.

Large fluctuations in the management skills required to generate profits demonstrate that fluctuations in profits are also growing. This influences investors' ability to predict investment risks and returns, thereby increasing investor confidence in companies. Performance in Relation to Earnings Management Businesses can influence managers to engage in earnings management. If the Firms Performance received by the company is low, managers will typically engage in revenue management to ensure their success.

The impact of corporate social responsibility on profitability management

The fifth hypothesis is adopted because Corporate Social Responsibility has a significant impact on earnings management.

Consistent with this perspective, a study demonstrates that corporations with a commitment to corporate social responsibility tend not to engage in earnings management and provide trustworthy information. This company's social responsibility is closely tied to sustainable development, in which an organisation, particularly a business, must base its decisions not only on the impact on the economic aspect, such as the level of profits or dividends, but also on the social and environmental impacts that result.

Performance-Mediated Impact of Corporate Governance on Earnings Management

This study concludes that Corporate Governance and Corporate Governance exert a significant influence on earnings management, which is mediated by Firms Performance. In other words, if the company reports favourable performance levels, the board may become more sceptical and query managers' financial reporting decisions, particularly those involving earnings judgements. Thus, if earnings quality is low, the implementation of effective corporate governance does not necessarily have a direct positive effect on earnings quality. Thus, if a company performs inadequately, the implementation of effective corporate governance does not necessarily have a direct positive effect on earnings quality. Corporate governance is associated with firm performance, and firm performance is associated with the integrity of reported earnings. Therefore, it is anticipated that firm performance will mediate the relationship between corporate governance and earnings quality. GCG serves to control, superintend, and regulate the activities of a business. GCG can ensure that company assets are adequately maintained, ensure that the company conducts transparent activities, and increase investors' confidence in obtaining long-term gains.

Corporate Social Responsibility mediates the connection between corporate governance and earnings management.

This study concludes that Corporate Governance and Corporate Governance have no significant effect on earnings management as mediated by Corporate Social Responsibility. DeChow, Sloan, and Sweeney (1996; DeChow, Sloan, and Sweeney, 1996) have demonstrated that effective corporate governance is useful and crucial for preventing earnings management. However, the majority of empirical studies indicate that effective corporate governance mechanisms are typically associated with high returns on earnings quality. It proposes corporate social responsibility for businesses with a triple-bottom-line focus. combines economic, social, and ecological principles with an integrated understanding of corporate social responsibility (profit), but also takes environmental and community welfare into account (Elkington, 2017).

CONCLUSION

The authors are able to derive the following conclusions based on the results of their research:

Corporate Governance has no positive effect on earnings management.

Corporate Governance has no effect on the performance of a company,

Corporate Governance has an effect on Corporate Social Responsibility

Firm Performance has a negative impact on earnings management.

Corporate Social Responsibility has a positive effect on earnings management.

Corporate Governance has a negative effect on earnings management, mediated by firm performance.

There is no significant relationship between Corporate Governance and Earnings Management via Corporate Social Responsibility.

SUGGESTION

From the research results and discussion, as well as the limitations identified by the researchers, suggestions for future research include conducting research that includes all companies listed on the Indonesian Stock Exchange so that the sample coverage is comprehensive.

Extend the research period and select other industries to obtain more diverse results that describe the factors that can influence earnings management (Karina, R., & Rosmery, R., 2023). This is due to the fact that when making investment decisions, investors consider factors that influence earnings management to avoid investing errors. As well as companies that want to increase investment from outside sources in order to reduce earnings management practises or even not do earnings management because they can provide information that is not in line with investors' expectations, which can be harmful.

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