

CHAPTER V

CONCLUSION

5.1 Conclusion

This research has the objective to examine the impact of institutional ownership on the relationship between corporate social responsibility and earnings management in the manufacturing companies listed on Indonesia Stock Exchange (IDX) from 2018 until 2020. Based on the data analysis, the results of this research show that:

- 1 Corporate Social Responsibility (CSR) has a negative impact on earnings management proxied by both discretionary accrual earnings management and real earnings management.
- 2 Institutional Ownership (IO) strengthen the negative impact of Corporate Social Responsibility (CSR) on earnings management proxied by real earnings management.
- 3 Institutional Ownership (IO) is not able to strengthen the negative impact of Corporate Social Responsibility (CSR) on earnings management proxied by discretionary accruals earnings management.

5.2 Limitation and Suggestion

The limitation of this research is that the process of giving the score for each GRI-G4 items contains subjectivity, whereas the researcher will give score 1 if the item is disclosed and the researcher will give score 0 if the item is not disclosed.

Besides, the disclosures of CSR in the annual report contain less information compared with the companies who disclosed the CSR activities in the sustainability report which the disclosure is in accordance with the indicators of GRI. Therefore different researcher would have different understanding and judgment in assessing the CSR disclosures for the companies that did not have sustainability report eventhough the indicator used is the same, that is GRI-G4.

The second limitation is that this research only identified institutional ownership based on the immediate ownership (direct ownership) because of the limitations to access the data. For the further research, the author would suggest the next researcher to also examine the ultimate ownership, which will identify both direct ownership and indirect ownership within the company. Therefore, the variable of institutional ownership would have a better explanation in moderating the relationship between CSR and earnings management.

REFERENCES

- Alvarez, I. G., Sa´nchez, I. M., & Dom´nguez, L. R. (2008). "Voluntary and Compulsory Information Disclosed Online". *Emerald Group Publishing Limited*, Vol. 32, No. 5, pp: 596-622.
- Abernathy, J. L., Beyer, B., & Rapley, E. T. (2014). "Earnings Management Constraints and Classification Shifting". *Journal of Business Finance & Accounting*, Vol 41 (5) & (6), pp: 600-626.
- Abhirama, E. D., & Ghozali, I. (2021). "Pengaruh Corporate Social Responsibility terhadap Kualitas Laba dengan Struktur Kepemilikan sebagai Variabel Moderasi (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia pada Tahun 2016-2019)". *Diponegoro Journal of Accounting*, Vol. 10, No.4, pp: 1-12.
- Ajay, R., & Madhumathi, R. (2015). "Institutional Ownership and Earnings Management in India". *Indian Journal of Corporate Governance*, Vol. 8, No. 2, pp: 119-136.
- Amalia, E. (2019). "Regulasi Tanggung Jawab Sosial Perusahaan di Indonesia". *ADIL: Jurnal Hukum*, Vol 10, No. 2, pp: 69-91.
- Arnas, Y., Lamtiar, S., Kurniawati, Z., Kurnianto, B., & Kalbuana, N. (2021). "Factors Affecting Earning Management on Transportation Corporations in Indonesia". *International Journal of Economics, Business, and Accounting Research (IJEBAR)*, Vol. 5, No.1, pp: 150-159.
- Asih, A. D. (2020). "Pengaruh Pengungkapan Corporate Social Responsibility terhadap Kualitas Laba". *Repository UAJY*, pp: 1-83.
- Astari, A., Saraswati, E., & Purwanti, L. (2020). "The Role of Corporate Governance as a Moderating Variable on Earnings Management and Carbon Emission Disclosure". *Jurnal Dinamika Akuntansi dan Bisnis*, Vol. 7, No. 1, pp: 69-86.
- Astri, H. (2012). "Pemanfaatan Corporate Social Responsibility (CSR) Bagi Peningkatan Kualitas Hidup Manusia Indonesia". *Pusat Pengkajian, Pengolahan Data dan Informasi (P3DI) Sekretariat Jenderal DPR RI*, Vol. 3, No.2, pp: 151-165.
- Baiq, M., & Khan, S. A. (2016). "Impact of IFRS on Earnings Management: Comparison of Pre-Post IFRS Era in Pakistan". *Procedia - Social and Behavioral Sciences*, pp: 343-350.

- Buertey, S., Sun, E. J., Lee, J. S., & Hwang, J. (2019). "Corporate Social Responsibility and Earnings Management: The Moderating Effect of Corporate Governance Mechanisms". *John Wiley & Sons, Ltd and ERP Environment*, Vol. 27, No. 1, pp: 1-16.
- Cahyaningtyas, S. R., Sasanti, E. E., & Husnaini, W. (2015). "Corporate Governance and Different Types of Voluntary Disclosure: Evidence from Companies Listed on The Stock Exchange Exchange Indonesia". *IJABER Vol. 13, No. 7*, 4831- 4847.
- Chih, H. L., Sen, C. H., & Kang, F. C. (2008). "Corporate Social Responsibility, Investor Protection, and Earnings Management: Some International Evidence". *Journal of Business Ethics*, No. 79, pp: 179-198.
- Cho, E., & Chun, S. (2015). "Corporate Social Responsibility, Real Activities Earnings Management, and Corporate Governance: Evidence from Korea". *Asia-Pacific Journal of Accounting & Economics*, pp: 1-32.
- Choi, B. B., Lee, D., & Park, Y. (2013). "Corporate Social Responsibility, Corporate Governance and Earnings Quality: Evidence from Korea". *Corporate Governance: An International Review*, Vol. 21, No. 5, pp: 447-467.
- Cohen, D. A., Dey, A., & Lys, T. Z. (2008). "Real and Accrual-Based Earnings Management in the Pre- and Post-Sarbanes Oxley Periods". *The Accounting Review*, Vol. 83, No. 3, pp: 757-787.
- Darmawan, I. E., Sutrisno, & Endang Mardiaty. (2019). "Accrual Earnings Management and Real Earnings Management: Increase or Destroy Firm Value?" *International Journal of Multicultural and Multireligious Understanding*, Vol. 6, No. 2, pp: 8-19.
- Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1995). "Detecting Earnings Management". *The Accounting Review*, Vol. 70, No. 2, pp: 193-225.
- Ehsan, S., Abbas, Q., & Nawaz, A. (2018). "An Inquiry into the Relationship between Earnings' Management, Corporate Social Responsibility and Corporate Governance". *Abasyn Journal of Social Sciences*, Vol. 11, No. 1, pp: 104-116.
- Erhemjamts, O., & Huang, K. (2019). "Institutional Ownership Horizon, Corporate Social Responsibility and Shareholder Value". *Journal of Business Research*, Vol. 105, pp: 61-79.

- Fandriani, V., & Tunjung, H. (2019). "Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, Dan Kualitas Audit Terhadap Manajemen Laba". *Jurnal Multiparadigma Akuntansi*, Vol.1, No.2, pp: 505-514.
- Fauziah, F. F., & Marissan, I. (2014). "Pengaruh Corporate Social Responsibility (CSR) Terhadap Kualitas Laba dengan Corporate Governance sebagai Variabel Moderating". *Jurnal Akuntansi & Auditing*, Vol. 11, No.1, pp: 38-60.
- Firmansyah, A., Arham, A., Nor, A. E., & Vito, B. (2020). "Corporate Social Responsibility Disclosure in Indonesia: A Bibliographic Study". *International Journal of Sustainable Development & World Policy*, pp: 91-121.
- Freeman, E. (2014). Stakeholder Theory. *Wiley Encyclopedia of Management*.
- Freeman, R. (1984). *Strategic Management: a Stakeholder Approach*. Marshall, MA: Pitman.
- Freeman, R. E., & Dmytriiev, S. (2017). "Corporate Social Responsibility and Stakeholder Theory: Learning From Each Other". *SYMPHONYA Emerging Issues in Management*, No.1, pp: 7-15.
- Gaio, C., & Gonçalves, T. (2022). "Does Corporate Social Responsibility Mitigate Earnings Management?" *Emerald Publishing Limited*.
- Hamidu, A. A., Haron, H. M., & Amran, A. (2015). "Corporate Social Responsibility: A Review on Definitions, Core Characteristics and Theoretical Perspectives". *Mediterranean Journal of Social Sciences*, Vol. 6, No. 4, pp: 83-95.
- Hartono, J. (2021). *Metodologi Penelitian Bisnis Salah Kaprah dan Pengalaman-Pengalaman*. Yogyakarta: BPFPE.
- Hastuti, S., Setiawan, D., & Widagdo, A. K. (2020). "Substitution between Accrual and Real Earnings Management: The Role of Independent Commissioners and Audit Committee". *Jurnal Keuangan dan Perbankan*, Vol. 24, No. 2, pp: 225-240.
- Hill, C., & Jones, T. (1992). "Stakeholder-Agency Theory". *Journal of Management Studies school of Business Administration, University of Washington*, Vol. 29, No.2, pp: 132-154.
- Isyanto, S. (2014). "Pengaruh Corporate Social Responsibility terhadap Kualitas Laba". *e-journal uajy*, pp: 2-3.

- Jensen, M. C., & Meckling, W. H. (1976). "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure". *Journal of Financial Economics*, pp: 305-360.
- Karajeh, A. S. (2020). "Voluntary Disclosure and Earnings Quality: Evidence from Ownership Concentration Environment". *Management Research Review*, Vol. 43, No.1, pp: 35-55.
- Khaled, B. (2018). "The Relationship between CSR Disclosure Quality and Accrual and Real Earnings Management: Large-Scale Evidence from India". *University of Central Lancashire*, pp: 1-220.
- Kim, S. H., Udawatte, P., & Yin, J. (2018). "The Effects of Corporate Social Responsibility on Real and Accrual-based Earnings Management: Evidence from China". *Australian Accounting Review*, pp: 1-15.
- Kim, Y., Park, M. S., & Wier, B. (2011). "Is Earnings Quality Associated with Corporate Social Responsibility?" *The Accounting Review*, *Forthcoming*, pp: 1-50.
- Kinasih, H. W., Oktafiyanti, M., & Yovita, L. (2018). "Keterkaitan antara Corporate Social Responsibility terhadap Manajemen Laba : Sebuah Perspektif Teori Agency". *Jurnal Penelitian Ekonomi dan Bisnis*, Vol. 3, No. 2, pp: 101-109.
- Kurniawati, D. (2021). "Pengaruh Pengungkapan Corporate Social Responsibility terhadap Manajemen Laba Riil dengan Mekanisme Corporate Governance sebagai Pemoderasi". *Jurnal Buana Akuntansi*, Vol. 6, No. 2, pp: 1-29.
- Nurleni, Bandang, A., Darmawati, & Amiruddin. (2017). "The Effect of Managerial and Institutional Ownership on Corporate Social Responsibility Disclosure". *International Journal of Law and Management*, Vol. 60, No.4, pp: 979-987.
- Perdana, A. A. (2019). "The Influence of Institutional Ownership, Leverage, and Audit Committee on Earnings Management: Evidence of Companies Listed on the Indonesia Stock Exchange". *Journal of Accounting Research, Organization and Economics*, Vol. 2, No. 2, pp: 97-112.
- Puella, S. (2019). "Pengaruh Karakteristik Tim Manajemen Puncak terhadap Manajemen Laba". *repository UAJY*, pp: 1-70.
- Rankin, M., Ferlauto, K., McGowan, S., & Stanton, P. (2018). *Contemporary Issues in Accounting 2nd Edition*. Milton: John Wiley & Sons Australia, Ltd.

- Rokhlinasari, S. (2015). "Teori –Teori dalam Pengungkapan Informasi Corporate Social Responsibility Perbankan". *Jurnal Kajian Ekonomi dan Perbankan Syari'ah*, pp: 1-11.
- Roychowdhury, S. (2006). "Earnings Management through Real Activities Manipulation". *Journal of Accounting and Economics*, Vol. 42, pp: 335-370.
- Ruwanti, G., Chandrarin, G., & Assih, P. (2019). "Corporate Social Responsibility and Earnings Management: The Role of Corporate Governance". *Humanities & Social Sciences Reviews*, Vol. 7, No. 5, pp: 1338-1347.
- Sakaki, H., & Jackson, D. (2016). "Institutional Ownership Stability and Real Earnings Management". *Economics and Finance Faculty Publications and Presentations*, Vol. 49, pp: 1-28.
- Scott, W. R. (2015). *Financial Accounting Theory*. United State of America: Pearson.
- Sembiring, C. L. (2017). "Manajemen Laba dan Pengungkapan Tanggung Jawab Sosial Perusahaan dengan Komisaris Independen dan Kepemilikan Institusional sebagai Variabel Pemoderasi". *Berkala Akuntansi dan Keuangan Indonesia*, Vol. 2, No. 1, pp: 20-41.
- Strakova, L. (2020). "Motives and Techniques of Earnings Management Used in a Global Environment". *Globalization and its Socio-Economic Consequences*, pp: 1-9.
- Su, W., Peng, M. W., Tan, W., & Cheung, Y. L. (2014). "The Signaling Effect of Corporate Social Responsibility in Emerging Economies". *Springer Science and Business Media Dordrecht*.
- Susanto, I. R., & Permatasari, I. (2019). "Do High Leverage Motivate Managers to Manage Earnings? Evidence of Debt Covenant Hypothesis in Indonesia Public Firms". *Education Excellence and Management of Innovations through Sustainable Economic Competitive Advantage*, pp: 10287-10296.
- Suyono, E. (2017). "Berbagai Model Pengukuran Earnings Management: Mana Yang Paling Akurat". *Sustainable Competitive Advantage FEB UNSOED*, pp: 303-324.
- Tamba, S. Y. (2015). "The Influence of The Level of Corporate Social Responsibility Disclosures to Earnings Quality". *repository UAJY*, pp: 1-13.

- Vorst, P. (2016). "Real Earnings Management and Long-Term Operating Performance: The Role of Reversals in Discretionary Investment Cuts". *American Accounting Association*, Vol. 91, No. 4, pp: 1219-1256.
- Wardhana, L. I., & Tandelilin, E. (2011). "Institutional Ownership and Agency Conflict Controlling Mechanism". *Journal of Indonesian Economy and Business*, Vol. 26, No. 3, pp: 389-406.
- Wati, E., & Malik, A. Q. (2021). "Corporate Social Responsibility and Earnings Management: The Moderating Role of Corporate Governance". *Journal of Accounting Research, Organization and Economics*, Vol. 4, No. 3, pp: 298-307.
- Wiyadi, Trisnawati, R., Sasongko, N., & Oktaviana, L. (2019). "Corporate Social Responsibility Disclosure, Ownership Structure and Earnings Management: Empirical Studies in the Real Estate Companies Listed in Indonesian Stock Exchange". *International Journal of Business, Economics and Law*, Vol. 19, No. 2, pp: 30-37.
- Xiong, Y. (2006). "Earnings Management and It's Measurement: A Theoretical Perspective". *Journal of America Academy of Business*, pp: 214-219.