Siber Journal of Advanced Multidisciplinary (SJAM)
E-ISSN: 2987-1069
P-ISSN: 2987-1018
Siber Nusantara Research
+62 812 1046 7572 https://research.e-siber.org research.siber.info@gmail.com Jalan Marina Indah Raya No. 1 Pantai Indah Kapuk, Kamal Muara, Penjaringan, Jakarta Utara, Indonesia.
DOI: https://doi.org/10.38035/sjam.v2i2
Received: July 25th, 2024, **Revised:** August 06th, 2024, **Publish:** August 29th, 2024

The Effect of CSR, Information Asymmetry and ROA on Real Earnings Management with Size as a Moderating Factor

Rizky Putri Utami Darmawan[1], MF Christiningrum[2]

[1]Nusantara Business Institute, Jakarta ,Indonesia, rzkyputrihd@gmail.com
[2]Nusantara Business Institute, Jakarta ,Indonesia, christiningrum@ibn.ac.id

Corresponding Author: christiningrum@ibn.ac.id[2]

Abstract: This study examines the effect of CSR, information asymmetry. and ROA on real earnings management with company size as a moderating variable. The sample was selected using purposive random sampling method on manufacturing companies listed on the IDX for the period of 2015-2018. The results show that all variables (CSR, information asymmetry, and ROA) have a signific ant effect on abnormal operating cash flows. However, abnormal operating costs are significantly influenced only by CSR and information asymmetry. Meanwhile, abnormal production costs are significantly influenced by CSR and ROA. The final results show that total real earnings management is influenced by two important factors: Information Asymmetry and ROA. Additionally, the results indicate that company size can moderate the influence of CSR asymmetry and ROA on real earnings management practices. This study contributes to filling the research gap regarding independent factors affecting real earnings management.

Keywords: Real Earnings Management, CSR Asymmetry, ROA

INTRODUCTION

Background

Agency conflicts often arise when agents (managers) have different objectives than their principals, particularly when both parties prioritize their own motivations and goals for personal gain. Jensen and Meckling (1976) discussed this and concluded that such motivations lead to agency problems. Managers, as operators of the company's activities, possess extensive knowledge about the real conditions of the company. The authority and responsibility they hold allow them to make decisions that serve their interests. One such action that can be taken is earnings management by choosing accounting policies that benefit management.

Earnings management activities can be carried out through various choices, such as accrual discretion, real earnings management, or book tax gaps, among other actions. Roychowdhury (2006) mentioned that to avoid reporting losses and assure stakeholders that the company's financial reporting targets have been met through normal operational activities,

management may opt to engage in real earnings management. This can be done in three ways: 1) managing sales by offering discounts or easier credit terms to increase sales, 2) reducing operating costs to increase profits, and 3) producing in excess to lower average per-unit costs and cost of goods sold by distributing costs over a larger number of units. These actions can be detected through abnormalities in operating cash flows, operating costs, and production costs.

Factors that can trigger real earnings management, which are investigated in this study, include CSR disclosure, information asymmetry, and financial performance, although it is acknowledged that there are many other factors beyond those mentioned above. Adisetiawan (2011) in Putriana et al. (2018) stated that corporate social responsibility can be understood as the industry's commitment to account for the impacts of its operations. The hope is that the impact of the company's activities on social, economic, and environmental aspects can be managed to continue providing positive benefits to society and the environment. Therefore, many companies engage in CSR activities based on the motivation to gain legitimacy from stakeholders concerning the company's condition, which can subsequently lead management to use it to conceal their actions in earnings management or vice versa.

Another factor influencing real earnings management is information asymmetry. The situation where agents have more information about the company than principals creates information asymmetry, which in turn opens opportunities for companies to engage in earnings management through their real transactions. The existence of information asymmetry will further increase the likelihood of agents (in this case, the company) engaging in earnings manipulation that cannot be detected by the market. This practice may create uncertainty for external parties such as potential investors (Razak, 2017 in Syahyidati and Venusita, 2018).

Jumingan (2006) in Astari and Suputra (2019) stated that the financial performance of a company is one of the benchmarks for investors, creditors, and other external parties in assessing the company's performance. Investors, creditors, and external parties tend to focus on Return on Assets (ROA) to assess the company's financial performance. This increases the motivation for management to engage in earnings management through real earnings management, given the high attention of financial statement users to the company's profits reflected in ROA (Hasty and Herawaty, 2017).

The effect of factors such as CSR disclosure, information asymmetry, and return on assets on real earnings management (REM) in this study is moderated by company size. Deegan (2000) in Setiawati and Lieany (2016) mentioned that company size is often used as an indication of market power and attracts the attention of regulatory bodies, so larger companies are under stricter scrutiny and tend to be less aggressive in engaging in earnings management.

Research Questions

Based on the background presented above, the main research questions in this study are as follows:

a. Does CSR asymmetry and ROA significantly affect real earnings management through abnormal operating cash flows, abnormal operating costs, abnormal production costs, and total real earnings management?
b. Does company size strengthen or weaken the effect of CSR asymmetry and ROA on total real earnings management?

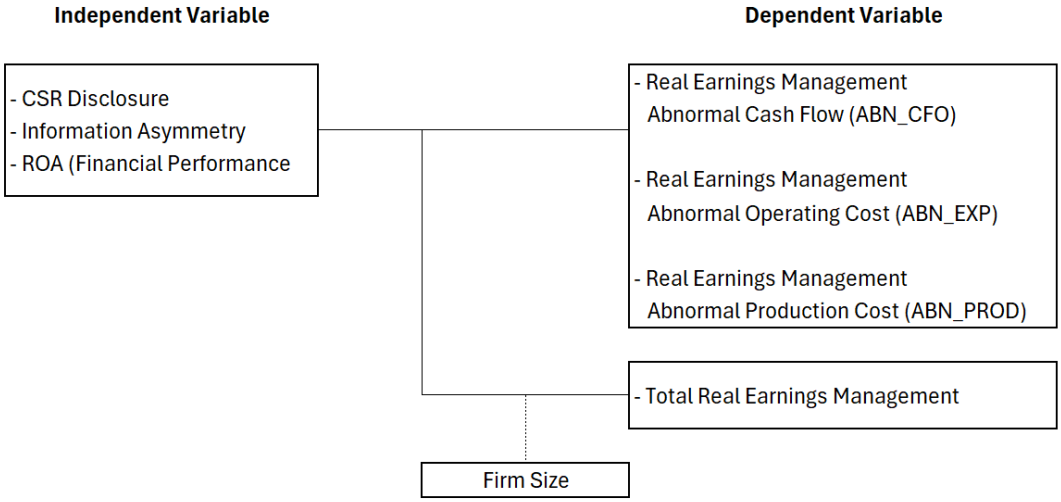
Research Objectives

The purpose of this study is to fill the research gap related to independent factors (CSR disclosure, information asymmetry, and financial performance) that affect real earnings management.

Research Model

The research model in this study is illustrated in the following conceptual framework:

Figure 2.1
Research Framework Diagram



METHOD

Data Selection and Collection

The sampling technique used in this study is purposive random sampling, based on specific criteria with data obtained from the official websites of the Indonesia Stock Exchange (IDX) and the sample companies themselves. The criteria that must be met are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange during the study period from 2015-2018.
2. Companies that publish financial reports and annual reports consecutively from 2015-2018.
3. Companies that have all the necessary data for this study in complete form.
4. Companies that use Rupiah as the reporting currency.
5. Companies that disclose CSR in their annual reports consecutively from 2015-2018 in accordance with GRI standards version 3.0.

Measurement and Operational Definitions of Variables

Dependent Variable

Abnormal Operating Cash Flows (ABN_CFO)

Abnormal operating cash flows can be obtained from the residuals of the regression equation model below, where companies with low or negative abnormal operating cash flows reflect a high level of sales management:

$$\frac{\text{CFOt}}{\text{TAt}-1} = \alpha 1 \frac{1}{\text{TAt}-1} + \alpha 2 \frac{\text{SALESt}}{\text{TAt}-1} + \alpha 3 \frac{\Delta\text{SALES}}{\text{TAt}-1} + \varepsilon t$$

Where:

a. CFO_t: Operating cash flows of the company in period t
b. TA_t-1: Total assets of the company in period t-1
c. SALES_t: Sales of the company in period t
d. ΔSALES: Change in sales of the company in period t minus sales in t-1
e. α: Regression coefficient
f. ε_t: Residual error

Abnormal Operating Costs (ABN_EXP)

Abnormal operating costs can be obtained from the residuals of the following regression model, where lower or negative abnormal operating costs reflect a high level of real earnings management by reducing operating costs:

$$\frac{\text{EXPt}}{\text{TAt}-1} = \alpha 1 \frac{1}{\text{TAt}-1} + \alpha 2 \frac{\text{SALESt}-1}{\text{TAt}-1} + \varepsilon t$$

Where:

a. EXP_t: Operating costs of the company in period t
b. SALES_t-1: Sales of the company in period t-1

Abnormal Production Costs (ABN_PROD)

Abnormal production costs can be obtained from the residuals of the following regression model, where positive or high abnormal production costs reflect a high level of overproduction:

$$\frac{\text{PRODt}}{\text{TAt}-1} = \alpha 1 \frac{1}{\text{TAt}-1} + \alpha 2 \frac{\text{SALESt}}{\text{TAt}-1} + \alpha 3 \frac{\Delta\text{SALES}}{\text{TAt}-1} + \alpha 4 \frac{\Delta\text{SALESt}-1}{\text{TAt}-1} + \varepsilon t$$

Where:

a. PROD_t: Production costs calculated as (COGS + ΔINV)
b. ΔSALES_t-1: Change in sales of the company in period t-1 minus sales in t-2

Total Real Earnings Management (REM)

Real Earnings Management (REM) is used to measure the overall real earnings management conducted by the company by summing the values of abnormal operating cash flows, abnormal operating costs, and abnormal production costs. When calculating the values of abnormal operating cash flows and abnormal operating costs, multiply by negative one (-1) first to align the direction with abnormal production costs. Total real earnings management can be obtained using the following formula:

$$\text{REM} = (\text{ABN\_CFO}\ (-1)) + \big(\text{ABN\_EXP}\ (-1)\big) + (\text{ABN\_PROD})$$

Where:

a. REM: Value of real earnings management or total real earnings management
b. ABN_CFO: Abnormal operating cash flows
c. ABN_EXP: Abnormal operating costs
d. ABN_PROD: Abnormal production costs.

Independent Variables

Corporate Social Responsibility

The Corporate Social Responsibility Index (CSRI) is used to calculate the number of items disclosed by the company according to GRI standards version 3.0. The formula to calculate CSRI is as follows:

$$\text{CSRIj} = \frac{\sum \text{Xj}}{\text{nj}}$$

Where:

a. CSRI_j: Corporate Social Responsibility Index of company j
b. ΣX_j: Total of the checklist score based on GRI version 3.0.
c. n_j: Number of items for company j (n_j = 79)

Information Asymmetry

Bid-ask spread is used to measure information asymmetry. The following formula can be used:

$$\text{SPREAD} = (\text{aski, t} - \text{bidi, t})/\{(\text{aski, t} + \text{bidi, t})/2\} \text{ x } 100$$

Where:

a. ask_it: Highest ask price of company i's stock on day t.
b. bid_it: Lowest bid price of company i's stock on day t.

Return on Assets (ROA)

ROA is used to describe the company's financial performance. The formula to calculate ROA is as follows:

$$\text{ROA} = \frac{Net\ Profit\ After\ tax}{Total\ Asset} \times 100\%$$

Moderating Variable

This study uses company size (SIZE) as a moderating variable, measured through the natural logarithm of total assets:

$$\text{Size} = \ln TotalAsset$$

Data Analysis Method

The data analysis method used in this study includes descriptive statistical analysis aimed at providing an overview of the characteristics of the data, classical assumption tests to ensure that the sample data tested do not have classical assumption problems and do not produce biased results, panel data testing to determine the most appropriate model to use in regression tests, and finally, multiple linear regression analysis.

RESULTS AND DISCUSSION

Descriptive Statistics Test

Table 4.1.
Descriptive Statistics of Research Sample

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ABN_CFO	208	-.3399	.3639	-.0084	.08616
ABN_EXP	208	-.1848	.4941	-.0447	.08666
ABN_PROD	208	-.3592	.3450	.0424	.12204
REM	208	-.6074	.5536	.0954	.22720
CSRI	208	.089	.7970	.3971	.15771
SPREAD	208	1.98	149.95	61.0311	32.40174
ROA	208	-13.31	30.02	5.2550	6.48240
SIZE	208	169,546,066,314	344,711,000,000,000	15,395,606,362,844	1.64877
Valid N (listwise)	208				

Table 4.1 shows the number of data samples processed in the N column, where the total sample used is 208. The table above also shows that abnormal operating cash flows (ABN_CFO) have a minimum value of -0.3399, obtained by PT Kedawung Setia Industrial Tbk. The negative abnormal operating cash flows are due to the company's operating cash flows being lower than the company's sales level, indicating that the company engages in real

earnings management through price discounts and more lenient credit terms to increase sales despite declining operating cash inflows. Meanwhile, the maximum value of 0.3639, a positive value, was obtained by PT HM Sampoerna Tbk. The average abnormal operating cash flow in this study is -0.008, or negative, indicating that on average, the sampled companies engage in real earnings management through sales management.

Furthermore, real earnings management proxied by abnormal operating costs (ABN_EXP) shows a minimum value of -0.1848, obtained by PT Wilmar Cahaya Indonesia Tbk. The negative abnormal operating costs are caused by the company's operating costs being very low compared to the volume of sales generated, indicating that the company seeks to achieve profit targets by suppressing operating costs. The increase in profits derived from reduced operating costs is not considered an achievement because good company performance should be generated from profits earned from high sales minus normal costs. The maximum value of 0.4941, a positive value, was obtained by PT Tiga Pilar Sejahtera Food Tbk, indicating that the company operates efficiently, achieving the targeted profit without having to suppress operating costs. The average value of -0.0447, or negative, indicates that on average, the sampled companies engage in real earnings management by reducing operating costs.

Abnormal production costs (ABN_PROD) show a minimum value of -0.3592, obtained by PT Indocement Tunggal Prakarsa Tbk. The negative abnormal production costs indicate that the company operates efficiently in production. Meanwhile, the maximum value of 0.3450, obtained by PT Saranacentral Bajatama Tbk, indicates that the company's production costs are higher than its sales, meaning that the company engages in large-scale production to lower average production costs per unit, thereby increasing profits without concern for whether the goods will be sold.

Total real earnings management (REM) has a minimum value of -0.6074, obtained by PT HM Sampoerna Tbk, indicating that the company operates normally without engaging in real earnings management practices such as sales management through discounts and lenient credit terms, reducing operating costs, or producing on a large scale to increase profits. The maximum value of 0.5536, obtained by PT Saranacentral Bajatama Tbk, indicates that the company is likely engaging in overall real earnings management, including sales management, reducing operating costs, and producing on a large scale.

The CSR disclosure variable proxied by the CSRI in this study has a minimum value of 0.09, a maximum value of 0.80, and an average value of 0.40. This indicates that out of 208 sampled companies, there is one company that only discloses 9% of the 79 disclosure items set by GRI, namely PT Grand Kartech Tbk. There is also a company that achieved the highest score by disclosing 80% of the 79 disclosure items, namely PT Semen Indonesia Tbk. The average value of CSR disclosure is not too high, with less than 50% or only 40% of items disclosed by the sampled companies.

Information asymmetry (SPREAD) in this study has a minimum value of 1.98, obtained by PT Indo Acidatama Tbk, indicating that the level of information asymmetry between the company and potential investors is relatively low. The maximum value of 149.95, obtained by PT Semen Baturaja Tbk, indicates that the level of information asymmetry between the company and potential investors is very high. The average value of 61.03 indicates that the sampled companies have a relatively high level of information asymmetry, suggesting that companies possess more information about the company’s condition that is not conveyed to potential investors.

ROA, which describes accounting performance, has a minimum value of -13.31, a maximum value of 30.02, and an average value of 5.3. This indicates that there are companies unable to manage their assets efficiently and fail to generate profits, resulting in a very low and negative ROA value of -13%, as seen with PT Gunawan Dianjaya Steel Tbk. Conversely, there are companies that manage their assets well, achieving a high ROA of 30%, as seen with PT

HM Sampoerna Tbk. The average value of 5.3 indicates that the average sampled company generates profits every period, with an average ROA of around 5.3%.

Company size, which is the moderating variable in this study, uses total assets as the benchmark. The minimum company size is Rp169,546,066,314, obtained by PT Intanwijaya Internasional Tbk, while the maximum size is Rp344,711,000,000,000, obtained by PT Astra Internasional Tbk. The average company size used as the benchmark for size is Rp15,395,606,362,844, indicating that the samples in this study have varying levels of company size, as measured by total assets.

Classical Assumption Test

The researcher conducted classical assumption tests for the sample data, including tests for normality, autocorrelation, multicollinearity, and heteroscedasticity. The results of the normality test using histogram and normal P-P plot graphs indicate that the sample data are normally distributed. The multicollinearity test results show that the model passed the test, with tolerance values > 0.10 and VIF values < 10. The autocorrelation test using the Durbin-Watson statistic shows that the value dU < d < 4-dU, indicating that the regression model does not have autocorrelation issues. The heteroscedasticity test results, using both scatter plots and the Glejser test with results below 0.05, indicate that the sample has heteroscedasticity problems, which will be addressed by applying cross-section weights during the panel data regression test.

Panel Data Test

The Chow test results for abnormal operating costs, abnormal production costs, and total real earnings management, both without and with the moderating effect of company size, show Prob. values < 5%, meaning that the fixed effect model is appropriate for these regression models. For the Chow test on abnormal operating cash flows, the Prob. value > 5%, requiring a follow-up Hausman test, which shows Prob. > 5% for abnormal operating cash flows, meaning that the random effect model is appropriate for this regression test.

Multiple Linear Regression Analysis

Regression Results of the Effect of CSR Asymmetry and ROA on Real Earnings Management Through Abnormal Operating Cash Flows, Abnormal Operating Costs, Abnormal Production Costs, and Total Real Earnings Management

1. F Test

The F test results for abnormal operating cash flows, abnormal operating costs, abnormal production costs, and total real earnings management models show that these models are suitable for testing based on a significance level of 0.000000. The F-statistic value is smaller than 0.01 or 1%. This indicates that these regression models, which assess factors influencing real earnings management, are significant for testing.

2. Coefficient of Determination (R^2)

a. The adjusted R^2 value for model 1 is 0.3106, meaning that the variables CSR, information asymmetry, and ROA can explain 31.06% of the variance in real earnings management through abnormal operating cash flows, while the remaining 68.94% can be explained by other factors outside the study.
b. The adjusted R^2 value for model 2 is 0.9603, meaning that the variables CSR, information asymmetry, and ROA can explain 96.03% of the variance in real earnings management through abnormal operating costs, while the remaining 3.97% can be explained by other factors outside the study.

a. The adjusted R^2 value for model 3 is 0.9309, meaning that the variables CSR, information asymmetry, and ROA can explain 93.09% of the variance in real earnings management through abnormal production costs, while the remaining 6.91% can be explained by other factors outside the study.
b. The adjusted R^2 value for model 4 is 0.9123, meaning that the variables CSR, information asymmetry, and ROA can explain 91.23% of the variance in total real earnings management, while the remaining 8.77% can be explained by other factors outside the study.

1. t-Test

Based on Table 4.2, the results show that CSR disclosure, proxied by the CSR Index, has a significant positive effect on real earnings management through abnormal operating cash flows (ABN_CFO) and abnormal operating costs (ABN_EXP) at a significance level of α = 5%. This indicates that the higher the CSR disclosure by the company, the higher the abnormal operating cash flows and abnormal operating costs. This suggests a lower likelihood of real earnings management through sales management and reduced operating costs. High abnormal operating cash flows indicate that the company conducts normal sales procedures without engaging in real earnings management. The company does not offer excessive discounts or lenient credit terms solely to achieve high sales levels.

Likewise, high abnormal operating costs indicate that the company generates profit from sales conducted efficiently, where the high operating costs are balanced by high sales volumes, and the profit generated is not due to reduced operating costs.

Corporate social responsibility (CSR) disclosure is fundamentally carried out by companies to gain legitimacy from society, where CSR disclosure is considered a company's obligation to demonstrate its contributions to the environment and society. If CSR is executed correctly and ethically, it signals to the public that the company has a good reputation. Therefore, companies with high levels of CSR disclosure are likely motivated to maintain their reputation. Actions to maintain reputation are carried out through ethical operational activities that adhere to societal norms, as well as responsible and honest business decisions. It is expected that when a company's CSR is high and the company is viewed as having a good reputation, management will be inclined to prevent unhealthy practices, such as offering excessive discounts or lenient credit terms to increase sales volume, or generating high profits by reducing operating costs, as these actions may be considered inconsistent with regulations and may harm the company's reputation. These results are consistent with previous research conducted by Gayatri and Pria J (2016), which stated that high levels of CSR disclosure result in lower earnings management practices.

Tabel 4.2.

Multiple Regression Result

The Impact of CSR, Information Asymmetry, and ROA on Real Transaction Earnings Management through Abnormal Cash Flow, Abnormal Operating Cost, Abnormal Production Cost, and Total Real Earnings Management

ABN_CFO = α + β1 CSRI + β2 SPREAD + β3 ROA + ε

ABN_EXP = α + β1 CSRI + β2 SPREAD + β3 ROA + ε

ABN_PROD = α + β1 CSRI + β2 SPREAD + β3 ROA + ε

REM = α + β1 CSRI + β2 SPREAD + β3 ROA + ε

-4		-3		Prediksi	2		-1		Prediksi	Variabel Independen
REM		ABN_PROD			ABN_EXP		ABN_CFO			
p-Value	Coef	p-Value	Coef		p-Value	Coef	p-Value	Coef		
0	0.1961	0.0143	0.045	?	0	-0.06061	0	-0.04072	?	Konstanta
0.1028	-0.132	0.0396**	0.0812	+/-	0.0155**	0.0327	0.0287**	0.0471	+/-	CSRI
0.0220**	0.0009	0.7169	0.3632	+	0.0000***	-0.0002	0.0765*	-0.0003	-	SPREAD
0.0000***	-0.0197	0.0000***	-0.0069	-	0.139	-0.00004	0.0000***	0.0071	+	ROA
	0.9352		0.9489			0.9706		0.3306		R-Square
	0.9123		0.9309			0.9603		0.3106		Adjusted R2
	40.8881		52.6261			93.6433		16.5457		F-Statistik
	0		0			0		0		Sig (F-stat)
	2.171		2.0974			1.8942		1.8515		Durbin Watson
	208		208			208		208		N

***Tingkat signifikansi α = 1%, **Tingkat signifikansi pada α = 5%, *Tingkat signifikan pada α = 10%

Deskripsi Variabel:

ABN_CFO adalah arus kas operasi abnormal yang merupakan proksi dari manajemen laba transaksi riil yang didapatkan dari nilai residu arus kas operasi aktual dan arus kas operasi normal; **ABN_EXP** adalah biaya operasi abnormal yang merupakan proksi dari manajemen laba transaksi riil yang didapatkan dari nilai residu biaya operasi aktual dan biaya operasi normal; **ABN_PROD** adalah biaya produksi abnormal yang merupakan proksi dari manajemen laba transaksi riil yang didapatkan dari nilai residu biaya produksi aktual dan

biaya produksi normal; **REM** adalah ukuran manajemen laba riil secara keseluruhan dengan menjumlahkan arus kas operasi abnormal, biaya operasi abnormal, dan biaya produksi abnormal; **CSRI** adalah ukuran pengungkapan tanggung jawab sosial perusahaan yang dihitung dengan membagi total item CSR yang diungkapkan perusahaan dengan jumlah item yang diharapkan sesuai dengan standar GRI versi 3.0; **SPREAD** merupakan proksi dari asimetri informasi yang didapatkan melalui perhitungan selisih harga ask tertinggi dan harga bid terendah perusahaan; **ROA** merupakan return on assets ratio yang digunakan sebagai proksi kinerja akuntansi dan didapatkan dengan menghitung laba bersih setelah pajak dibagi dengan total aktiva perusahaan.

However, when viewed through the practice of abnormal production costs (ABN_PROD), the t-test results indicate that CSR disclosure has a significant positive effect on real earnings management through abnormal production costs at a significance level of α = 5%. This suggests that the higher the CSR disclosure by the company, the higher the abnormal production costs. High abnormal production costs result from companies engaging in overproduction to achieve low production costs by taking advantage of economies of scale, which is done to increase the company's profit. This practice can occur with the view that CSR disclosure, carried out by the company to gain public legitimacy, is used as a shield to cover up actions in real earnings management through overproduction. Generally, society will perceive companies with high trust or CSR as less likely to engage in earnings management. These results are consistent with previous research conducted by Fauziah (2013) and Wardani and Santi (2018), which stated that the higher the CSR disclosure, the higher the earnings management practiced by the company.

The t-test results for regression model 4 indicate that CSR disclosure, proxied by the CSR Index, does not have a significant effect on total real earnings management (REM) at a significance level of α > 10%. This suggests that the company's CSR disclosure does not influence total real earnings management practices, whether through sales management, reducing operating costs, or overproduction when viewed as a whole. Good CSR disclosure should not influence sales manipulation practices, either negatively or positively, because of the differing motivations behind sales manipulation and CSR disclosure. Sales manipulation may be carried out to fulfill opportunistic motivations by management, while CSR disclosure is intended to ensure the company's future survival by maintaining its reputation. These results are consistent with previous research conducted by Octavia et al. (2015) and Ruwanti and Rambe (2015), which stated that CSR disclosure does not affect real earnings management.

Information asymmetry, measured by the bid-ask spread, has a significant negative effect on real earnings management through abnormal operating cash flows (ABN_CFO) at α = 10% and on abnormal operating costs (ABN_EXP) at α = 1%. It also has a significant positive effect on total real earnings management (REM) at α = 5%, but does not have a significant effect on abnormal production costs (ABN_PROD). When the level of information asymmetry between the company and potential investors is high, the company's abnormal operating cash flows and abnormal operating costs will be low, consistent with the high value of total real earnings management.

This indicates that the position of the company, which knows much more about the company's prospects than potential investors, will prompt the company to provide misleading information to potential investors, especially if the information is related to the company's performance. The company will increase profits to attract investors' attention in ways that cannot be detected, such as offering discounts to increase sales or reducing operating costs that are not directly related to production output, resulting in higher profits. This high profit is likely to attract potential investors to invest in the company, even though the profit was not generated through efficient operational activities, but rather through offering discounts and lenient credit

terms, as well as reducing operating costs that may harm the company in the future. Besides attracting investors, achieving high profits may also benefit management, as high or target-matching profits may allow management to receive bonuses they desire. These results are consistent with Wicaksono's (2015) research, which stated that information asymmetry positively affects real earnings management.

The test for the effect of financial performance, proxied by return on assets (ROA), shows that ROA has a significant positive effect on real earnings management through abnormal operating cash flows at a significance level of α = 1%, and a significant negative effect on abnormal production costs and total real earnings management at α = 1%. However, ROA does not have a significant effect on abnormal operating costs. Based on its effect on abnormal operating cash flows, abnormal production costs, and total real earnings management, when the company's ROA is lower, the abnormal operating cash flows will also be lower, but abnormal production costs and total real earnings management will increase. Low abnormal operating cash flows indicate a high level of real earnings management through sales management, as does high abnormal production costs, which indicate a high level of real earnings management through overproduction.

Low ROA reflects low accounting performance, which will negatively impact both management and the company as a whole. Low ROA reflects poor financial performance, which may prevent management from receiving bonuses or even result in management changes, and potential investors may not be interested in investing in companies with low returns. Therefore, management will be motivated to engage in real earnings management by managing sales to increase sales and producing on a large scale to lower average per-unit production costs and cost of goods sold, which will boost profits and potentially increase the company's ROA. When viewed from total real earnings management, low ROA will prompt managers to engage in real earnings management methods. These results are consistent with previous research conducted by Wisnantiasri and Nasra (2014), which stated that low ROA triggers the likelihood of high real earnings management.

Regression Results of the Effect of CSR Asymmetry and ROA on Total Real Earnings Management with Company Size as a Moderator

1. F Test

The F test results in regression model 5 show that this model is valid for testing based on a significance level of 0.000000. The F-statistic value is smaller than 0.01 or 1%, indicating that the regression model, which examines the factors influencing total real earnings management, is significant for testing.

2. Coefficient of Determination (R^2)

The adjusted R^2 value in this model is 0.895066, meaning that the variables CSR disclosure, information asymmetry, and financial performance have an 89.51% influence in explaining total real earnings management when moderated by company size. The remaining 10.49% can be explained by other factors outside the variables studied.

Table 4.3.
Multiple Regression Results

Independent Variable	Prediction	Dependent Variable = REM	
		Coefficient	p-Value
Konstansta	?	0.176469	0.0000
CSRI_SIZE	+/-	-0.048723	0.0992*
SPREAD_SIZE	+/-	0.225711	0.8217
ROA_SIZE	+/-	0.002126	0.0030***
CSRI	+/-	1.412798	0.1123
SPREAD	+	0.000371	0.0793*
ROA	-	-0.076624	0.0005***
R-Square		0.923961	
Adjust R2		0.895066	
F-Statistik		31.97659	
Sig (F-stat)		0.000000	
Durbin Watson		2.151804	
***Significance level α = 1%, **Significance level α = 5%, *Significance level α = 10%*			
Variable Descriptions:			
REM is the measure of total real earnings management by summing abnormal operating cash flows, abnormal discretionary costs, and abnormal production costs; **SIZE** is the company size, obtained through the natural logarithm of total assets; **CSRI** is the measure of corporate social responsibility disclosure, calculated by dividing the total CSR items disclosed by the company by the total expected items according to GRI standards version 3.0; **SPREAD** is the proxy for information asymmetry, obtained through the calculation of the difference between the highest ask price and the lowest bid price of the company's stock; ROA is the return on assets ratio, used as a proxy for accounting performance, calculated by dividing net income after tax by total assets.			

1. t-Test

Based on table 4.3, the t-test results for model 5 show that CSR disclosure, proxied by the CSR Index before being moderated by company size, does not have a significant effect on total real earnings management at α > 10%. After introducing the moderating factor of company size, CSR disclosure has a significant negative effect on total real earnings management at α = 10%. This indicates that CSR disclosure in large companies suppresses total real earnings management practices. The larger the company, the higher the level of CSR disclosure, which indicates good legitimacy, leading the company to avoid damaging its legitimacy by refraining from engaging in real earnings management. This may be because large companies tend to leave a strong impression on the public, so when the company's reputation is good in the eyes of the public, it will be maintained. Large companies will maintain their reputation by continuously increasing the level of social responsibility, complying with all applicable norms and regulations, and being motivated to provide transparent, relevant, and current financial information to the public.

The regression test results for the information asymmetry variable, before being moderated by company size, show a significant positive effect on total real earnings

management at α = 10%. However, the presence of company size as a moderating variable makes the relationship between information asymmetry and total real earnings management insignificant at α > 10%. This suggests that in large companies, the presence of information asymmetry does not influence total real earnings management practices. This may be because large companies tend to have more stringent oversight mechanisms through audit committees, public accountants, and corporate governance devices, causing management to reconsider engaging in real earnings management. On the other hand, smaller companies are more likely to engage in real earnings management, as small companies will try to present good company performance to attract potential investors.

Furthermore, the financial performance variable proxied by ROA has a significant negative effect on total real earnings management at α = 1% before being moderated by company size, but becomes significantly positive at α = 1% after being moderated by company size. In large companies with high ROA, real earnings management may still occur, possibly due to the fact that large companies often attract more public attention, from potential investors, creditors, to the government. Therefore, even if the company's ROA is already high, management may still engage in real earnings management to prevent potential future profit shortfalls, which could cause ROA to drop.

CONCLUSION

Research Conclusion

This study examines the influence of CSR asymmetry and ROA on real earnings management. The sample used in this study consists of 208 samples from 52 companies over a 4-year period (2015-2018). Based on the regression results, several conclusions can be drawn:

a. CSR disclosure has a positive effect on abnormal operating cash flows and abnormal operating costs, indicating that when a company's CSR is high, it reduces the likelihood of sales management or operating cost reductions to achieve high profits. However, on the other hand, CSR positively affects abnormal production costs, indicating that high levels of CSR may be used by companies to protect themselves when engaging in large-scale production. Overall, CSR does not have a significant effect on total real earnings management, indicating that good CSR should not influence real earnings management.
b. Information asymmetry has a negative effect on abnormal operating cash flows and abnormal operating costs, indicating that high levels of asymmetry lead to increased sales management and operating cost reductions, consistent with the positive effect of asymmetry on total real earnings management. However, information asymmetry does not have a significant effect on abnormal production costs, indicating that the presence of asymmetry does not necessarily lead to large-scale production to achieve profit targets.
c. ROA has a positive effect on abnormal operating cash flows and a negative effect on abnormal production costs and total real earnings management, indicating that when the company's ROA is low, management engages in sales management, reduces operating costs, and engages in real earnings management overall. On the other hand, ROA does not have a significant effect on abnormal operating costs, indicating that ROA does not motivate management to achieve profits by reducing operating costs.
d. The moderating variable of company size has a significant negative effect on the relationship between CSR disclosure and real earnings management. Additionally, company size makes the relationship between information asymmetry and real earnings management insignificant, while the relationship between ROA and real earnings management shifts from positive to negative.

Research Limitations

The limitations of this study include the relatively limited number of samples. Additionally, the proxy used for asymmetry is the spread, which only measures the level of asymmetry based on the comparison of the company's stock prices, and the company size proxy uses total assets. Future research is expected to use other proxies to capture better results and add other factors that may influence real earnings management.

Research Contribution

This research contributes to filling the research gap related to the influence of CSR disclosure, information asymmetry, and financial performance on real earnings management. Additionally, this research is expected to provide insights for stakeholders to pay more attention to the CSR disclosures made by companies and the level of transparency of the company's information so that investors can make informed decisions.

REFERENCES

Aprina, Desi Nur, & Khairunnisa. (2015). The Influence of Company Size, Profitability, and Bonus Compensation on Earnings Management. e-Proceeding of Management, 2(3), 3251-3258.

Astari, Ni Ketut Riska, & Suputra, L.D.G. Dharma. (2019). The Influence of Company Size, Managerial Ownership, and Financial Performance on Earnings Management. E-Journal of Accounting, 26(3), 1938-1968.

Gayatri, & Pria J. Prasetya. (2016). The Implications of Company Size and Corporate Social Responsibility Disclosure on Earnings Management. Jurnal Riset Akuntansi (JUARA), 06(4), 1-22.

Hasty, Ayu Dwi, & Herawaty, Vinola. (2017). The Influence of Ownership Structure, Leverage, Profitability, and Dividend Policy on Earnings Management with Audit Quality as a Moderating Variable. Jurnal Riset Akuntansi Auditing & Informasi, 17(1), 1-16.

Jensen, Michael C., & Meckling, William H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. Journal of Financial Economics, 3, 305-360.

Nuswandari, Cahyani. (2009). The Influence of Corporate Governance Perception Index on Company Performance in Companies Listed on the Jakarta Stock Exchange. Jurnal Bisnis dan Ekonomi (JBE), 16(2), 70-84.

Octavia, M., Subekti, I., & Mardiati, E. (2015). Factors Influencing Real Earnings Management Practices - Discretionary Costs. International Journal of Social and Local Economic Governance (IJLEG), 1(2), 108-115.

Puspitasari, Andriana, & Nugrahanti, Yeterina Widi. (2016). The Influence of Political Connections, Auditor Size, and Audit Tenure on Real Earnings Management. Jurnal Akuntansi dan Keuangan, 18(1), 27-43.

Putriana, M., Artati, S., & Utami, V.J. (2018). The Influence of Corporate Social Responsibility on Earnings Management with Leverage and Growth as Control Variables in the Pharmaceutical Industry Listed on the Indonesia Stock Exchange. J-MAS (Jurnal Manajemen dan Sains), 3(2), 226-236.

Roychowdhury, Sugata. (2006). Earnings Management through Real Activities Manipulation. Journal of Accounting and Economics, 42, 335-370.

Sari, Rizkia Anggita. (2012). The Influence of Company Characteristics on Corporate Social Responsibility Disclosure in Manufacturing Companies Listed on the Indonesia Stock Exchange. Jurnal Nominal, 1(1), 124-140.

Scott, William R. (2015). Financial Accounting Theory (7th Ed). Toronto: Pearson.

Wibisono, Yusuf. (2007). Unveiling the Concept & Application of CSR. Gresik: Fascho Publishing.

Setiawati, Loh Wenny, & Lieany. (2016). The Analysis of the Influence of Debt Covenants, Institutional Ownership, and Company Size on Real Earnings Management in Manufacturing Companies Listed on the Indonesia Stock Exchange. Jurnal Akuntansi, 9(2), 172-197.

Sunarto, Herry, & Sundarta, M. Imam. (2016). The Influence of Information Asymmetry and Audit Quality on Earnings Management with Information Disclosure as a Moderating Variable in Companies Included in the LQ45 Index on the Indonesia Stock Exchange. Jurnal Ilmiah Akuntansi dan Keuangan, 1-28.

Syahyidati, Sal Sabila, & Venusita, Lintang. (2018). The Moderation of Corporate Governance on the Relationship between Information Asymmetry and Earnings Management. Jurnal Akuntansi, 7(1), 1-22.

Wardani, Dewi Kusuma, & Santi, Desifa Kurnia. (2018). The Influence of Tax Planning, Company Size, and Corporate Social Responsibility (CSR) on Earnings Management. Jurnal Akuntansi, 6(1), 11-24.

Wicaksono, Agung. (2015). The Influence of Information Asymmetry on Earnings Management through Real Activities Manipulation. Journal of Research in Economics and Management, 15(1), 84-101.