



Influence Of Corporate Social Responsibility, Board Of Commissioners, Board Of Director And Audit Committee On Financial Performance With Profit Management As A Moderating Variable In Listed Manufacturing Companies On The Indonesia Stock Exchange (Idx)

¹Nurul Aulia Sani, ²Erlina, ³Sirojuzilam

Department of Accounting, Faculty of Economics and Business at University of North Sumatera, Indonesia

E-mail: [nurulaulia93@gmail](mailto:nurulaulia93@gmail.com)

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ABSTRACT

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This study aims to examine and analyze the effect of corporate social responsibility, the board of commissioners, the board of directors, the audit committee on financial performance with earnings management as the moderating variable. The population in this study were 171 manufacturing companies listed on the Indonesian stock exchange for the period 2010-2019, with The sampling technique was purposive sampling so that 35 samples were obtained. The data analysis method used multiple linear regression analysis and interaction test with the help of the Eviews application program. The results show that CSR, the board of commissioners and the audit committee partially have a positive effect on financial performance, while the board of directors partially has no effect on financial performance. Simultaneously CSR, the board of commissioners, the board of directors and the audit committee simultaneously have a significant effect on financial performance Earnings management as a moderating variable is able to moderate the influence of the audit committee simultaneously has a significant effect on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange for the 2010-2019 period . The moderating variable is not able to moderate the influence of CSR, the board of commissioners and the board of directors simultaneously have a significant effect on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange for the 2010-2019 period.

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1. Introduction

Company as a form of organization in general has certain goals to be achieved in an effort to meet the interests of its members. Success in achieving company goals is a management achievement. Financial performance is an analysis conducted to see the extent to which a company has been running its business by using financial implementation rules properly and correctly. Company performance is a description of the financial condition of a company which is analyzed with financial analysis tools, so that it can be known about the good and bad financial condition of a company that reflects work performance in a certain period. This is very important so that resources are used optimally in order to face the environmental changes (Fahmi, 2011:2).

This financial report is prepared by management with the aim of being accountable for the tasks assigned to them by the owners of the company. Besides, financial reports can also be used to fulfill other purposes, namely as reports to parties outside the company. This financial report is the company's main means of conveying financial information related to management. This information is expected to be a guideline for shareholders and potential investors. The assessment of the company's performance as a result of the



management decision-making process is a complex issue because it involves the effectiveness of the use of capital and the efficiency of the company's activities concerning the value and security of various demands that arise from the company. The company's financial performance can be used as a certain measure so that the company's development can be seen. The measure of financial performance used is a ratio or index that connects two financial data. The types of comparisons in financial ratio analysis include two forms, namely: comparing the ratios of the past, current or future for the same company.

The existence of a company in society can provide both positive and negative aspects. On the one hand, the company provides goods and services for the community, but on the other hand, it is not uncommon for the community and the environment having negative impacts from the company's activities. Many companies are considered to have contributed to economic and technological progress for society, but have been criticized for creating social and environmental problems. CSR is a claim that the company does not only operate for the benefit of shareholders, but also for other people around them in business practices, namely workers, local communities, government, NGOs, consumers and the environment. The Global Compact Initiative (2002) mentions this understanding with the 3Ps (Profit, People, Planet), namely the purpose of business is not only to seek profit (Profit), but also to prosper people, and ensure the sustainability of the planet (Nugroho, 2007).

Eipstein and Freedman (1994) that individual investors are attracted to social information reported in annual reports. Meanwhile Hadi (2011) Corporate Social Responsibility basically departs from the philosophy of how to manage a company either partially or in its entirety to have a positive impact on himself and the environment. For this reason, companies must be able to manage their business operations by producing products that are positively oriented towards society and the environment. Meanwhile, according to Ajilaksana's research (2011), Corporate Social Responsibility is a form of sustainability reporting that provides information about various aspects of the company ranging from social, environmental and financial aspects as well as those that cannot be explained implicitly by a company's financial statements alone. Furthermore, in the Corporate Social Responsibility that is disclosed, the company explains the aspects of Economy, Environment, Manpower, Human Rights, Social and Product Responsibility.

The implementation and management of good corporate governance or better known as good corporate governance is a concept that emphasizes the importance of the rights of shareholders to obtain correct, accurate and timely information (Kadek et al: 2015). The existence of Good Corporate Governance is currently needed to bridge the relationship between investors and management. An effective corporate governance system in a company will make management not abuse their authority and work for the benefit of the company (Nurcahyani et al: 2013)

Stakeholder theory emphasizes that the company has a social responsibility (Corporate Social Responsibility) which requires that it must consider all the interests of the various parties affected by its actions. If CSR is implemented, GCG will be adequate, because by doing CSR in the company environment, it will be able to assure to stakeholders that the company has implemented good corporate governance (Dewi and Widagdo: 2012). The company's management also has the responsibility to manage investors' funds so as to provide benefits for them and seek sources of funds from other investors to develop the business. The company makes an annual accountability report as a reflection of the company's performance that year to investors.

Research Objectives, based on the research questions described above, the research objectives to be achieved in this study are To test and analyze the effect of Corporate Social Responsibility (CSR) on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange, to test and analyze the effect of the board of commissioners on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange. To test and analyze the effect of the board of directors on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange. To examine and analyze the effect of the audit committee on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange. To test and analyze the effect of CSR, the board of commissioners, the board of directors and the audit committee simultaneously on the implementation of financial performance in manufacturing companies listed on the Indonesia Stock Exchange, To test and analyze the ability of earnings management in moderating the effect of CSR on financial performance in manufacturing companies listed on the Indonesia Stock Exchange. To test and analyze the ability of earnings management in moderating the influence of the board of commissioners on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange, to test and analyze the ability of earnings management in moderating the influence of the board of directors on the financial performance of manufacturing companies listed on the Indonesia Stock

Exchange, to test and analyze the ability of earnings management in moderating the influence of the audit committee on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange

2. Methods

2.1. Research Site

This research was conducted in Manufacturing Companies Listed on the IDX in 2010-2019. Population and Sample The population used in this study in Manufacturing Companies Listed on the IDX in 2010 - 2019 which amounted to 171 populations and who met the criteria to make a sample of 35 companies. Research variable, The variable used in this study is the dependent variable (Y), namely financial performance, while the independent variable consists of the influence of corporate social responsibility (X1), the Board of Commissioners (X2), and the Board of Directors (X3). And the Audit Committee (X4). And as a moderating variable Earnings Management (Z).

Data Analysis Method, This study uses data analysis techniques using software views. The goal is to determine whether the theoretical answers contained in the hypothesis statement are supported by facts collected and analyzed in the data testing process (Erlina, 2011).

2.2. Theoretical Description

a. Financial Performance

The measurement of the company's financial performance is useful to provide information about the appearance of the company's financial condition over a certain period of time. The measurement of the company's financial performance according to Honger (2007) has the aim of measuring business and management performance compared to company goals.

b. Corporate Social Responsibility

According to The World Business Council for Sustainable Development (WBCSD), social responsibility is a business commitment to contribute to sustainable economic development, through collaboration with employees and representatives of companies, local communities and the general public to improve the quality of life in a beneficial way. , both for the company's business continuity and development.

c. Board of Commissioners

The Board of Commissioners is an IPC organ in charge of supervising management policies, the general course of management, both regarding IPC and the IPC business, and providing advice to the Board of Directors for the benefit of IPC, in accordance with the aims and objectives of the IPC.

d. Board of Directors

The board of directors is a company that is authorized and fully responsible for the management of the company for the benefit of the company in accordance with the aims and objectives and represents both inside and outside the court in accordance with the provisions of the articles of association

e. Audit Committee

The Audit Committee is a sub-committee of the board of directors consisting of independent directors from outside. The audit committee has oversight responsibility for external reporting; risk monitoring and control processes; and both internal and external audit functions (Single 2013: 242).

f. Earnings Management

Earnings management is an action by company management to influence reported earnings in order to form information about economic advantages that are not actually experienced by the company (Merchant, 1994).

3. Results And Discussion

3.1 Research Results

Descriptive statistical analysis is used to determine the description of data and provide an overview of the data seen from the average value (mean), the lowest value (min), the highest value (max) and the standard deviation of each research variable.

TABLE 1.
Statistik Deskriptif

Variabel	Minimum	Maximum	Mean	Std. Deviation
CSR (X1)	.29	1.00	.77	.147
Dewan Komisaris (X2)	2.00	11.00	4.845	2.258
Dewan Direksi (X3)	2.00	11.00	4.885	2.240
Komite Audit (X4)	2.00	6.00	3.200	.62425
Manajemen Laba (Z)	-2.36	43.43	-6.750	1.26288
Kinerja Keuangan (Y)	-143.38	225.37	13.858	28.421

Selection of Regression Model, Three techniques are offered to estimate model parameters using panel data, namely the Common Effect Model, the Fixed Effect Model and the Random Effect Model. Then three tests will be carried out to select the panel data estimation technique, namely the Chow test, Hausman test, and the Lagrange multiplier test. Determination of the Estimated Model between Common Effect Model (CEM) and Fixed Effect Model (FEM) with Chow Test. Based on the results of the solid Chow test seen in the table in the appendix, it is known that the probability value is 0.7240. Because the probability value is $0.7240 > 0.05$, the estimation model used is the common effect model (CEM). Determination of the Estimated Model between the Common Effect Model (CEM) and the Random Effect Model (REM) with the Lagrange Multiplier Test. based on the results of the Lagrange Multiplier t test seen in the table in the appendix, it is known that the probability value is 0.400. Because the probability value is $0.400 > 0.05$, the estimation model used is the common effect model (CEM).

3.2 Hypothesis Testing

In testing the hypothesis, the analysis of the coefficient of determination will be carried out, simultaneous effect testing (F test), and partial effect testing (t test). The statistical values of the coefficient of determination, F test, and t test are in Table 2

TABLE 2.
Uji Koefisien Determinasi,

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1?	0.972	0.344	2.826	0.005
X2?	0.101	0.026	3.833	0.000
X3?	-0.123	0.029	-4.115	0.000
X4?	0.169	0.081	2.091	0.037
C	-1.133	0.347	-3.259	0.001
R-squared	0.071	Mean dependent var		0.055
Adjusted R-squared	0.060	S.D. dependent var		0.884
S.E. of regression	0.857	Akaike info criterion		2.544
Sum squared resid	253.69	Schwarz criterion		2.599
Log likelihood	-440.312	Hannan-Quinn criter.		2.566
F-statistic	6.652	Durbin-Watson stat		2.255
Prob(F-statistic)	0.000036			

Based on Table 2, it is known that the coefficient of determination (R-squared) is $R^2=0.071$. This value can be interpreted as CSR, the board of commissioners, the board of directors, the audit committee simultaneously or jointly affecting the financial performance of 7.1%, and the remaining 92.9% is influenced by other factors. The F statistical test was conducted to test whether CSR, the board of commissioners, the board of directors, and the audit committee simultaneously (together) affect financial performance. The results of the F statistical test are presented in table 3.3 below.

TABLE 3.
Uji Simultan (Uji Statistik F)

R-squared	0.071	Mean dependent var	0.055
Adjusted R-squared	0.060	S.D. dependent var	0.884
S.E. of regression	0.857	Akaike info criterion	2.544
Sum squared resid	253.69	Schwarz criterion	2.599
Log likelihood	-440.312	Hannan-Quinn criter.	2.566
F-statistic	6.652	Durbin-Watson stat	2.255
Prob(F-statistic)	0.00003		

Based on Table 3.3, it is known the value of Prob. (F-statistics), which is 0.000003 <0.05, it can be concluded that all independent variables, namely CSR, the board of commissioners, the board of directors, the audit committee simultaneously, have a significant effect on the financial performance variable.

a. Partial Test (Test Statistical t)

The t-statistical test basically shows how far one independent variable individually or partially can explain the variation of the dependent variable. The results of the t-statistical test are presented in table 4 below

TABLE 4.
Uji Parsial (Uji Statistik t)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Csr	0.972	0.344	2.826	0.005
Dewan Komisaris	0.101	0.026	3.833	0.000
Dewan Direksi	-0.123	0.029	-4.115	0.000
Komite Audit	0.169	0.081	2.091	0.037
C	-1.133	0.347	-3.259	0.001

Based on Table 5.9, the following multiple linear regression equation was obtained.

$$Y = -1.133 + 0.972X1 + 0.101X2 - 0.123X3 + 0.169X4$$

b. Moderation Test

Testing the moderating variable in this study used an interaction test or Moderated Regression Analysis (MRA). This study examines whether litigation risk is significant in moderating or in this case strengthening or weakening the influence of CSR, the board of commissioners, the board of directors, the audit committee on earnings management. The results of the moderation test are presented in the table below:

TABLE 5.
Pengujian Moderasi

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.914	0.344	2.652	0.008
X2	0.104	0.026	3.924	0.000
X3	-0.121	0.030	-4.033	0.000
X4	0.161	0.080	1.994	0.046
Z	-3.88	3.64	-1.064	0.287
X1Z	-0.032	0.044	-0.738	0.460
X2Z	-0.021	0.046	-0.462	0.644
X3Z	-0.001	0.002	-0.564	0.572
X4Z	1.820	8.590	2.115	0.035
C	-1.083	0.348	-3.111	0.002

Based on Table 5.10, the following moderating equation is obtained.

$$Y = -1.083 + 0.914X1 + 0.104X2 - 0.121X3 + 0.161X4 - 3.880Z - 0.032X1Z - 0.021X2Z - 0.001X3Z + 1.820X4Z$$

4. Conclusion

Earnings management is not significant as a moderator of the relationship between CSR and financial performance, with a value of Prob = 0.460 > 0.05. Earnings management is not significant as a moderator of the relationship between the board of commissioners on financial performance, with the value of Prob = 0.644 > 0.05. Earnings management is not significant as a moderator of the relationship between the board of directors and financial performance, with the value of Prob = 0.572 > 0.05. Earnings management is significant as moderating the relationship between the audit committee on financial performance, with the value of Prob = 0.035 <0.05.



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