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CSR and GCG Effectivess on Financial Performance: Earnings Management as a Mediator

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Abstract: This investigation analyzes how the effectiveness Good Corporate Governance and Corporate Social Responsibility affects financial performance by considering the intermediary function of earnings management. Owned by the State businesses the Indonesia Stock Exchange lists those (IDX) are the subject of this quantitative analysis during the time frame 2020 to 2023 with a sample size of 13 Owned by the State businesses. The information utilized in this investigation are secondary, the use of purposeful sampling was the approach utilized to select the sample. The research findings show that the effectiveness of CSR and GCG through the audit committee and the board of commissioners has a significant positive impact on net income, but not on earnings management. In contrast, institutional ownership and independent commissioners have no significant effect on net income, and earnings management does not mediate the relationship between CSR and GCG effectiveness and financial performance. This suggests that companies that apply the principles of sustainability and transparency increase stakeholder trust and contribute positively to national economic stability and growth.

Keywords: Corporate Social Responsibility, Good Corporate Governance, Financial Performance, Earning Management

INTRODUCTION

In Indonesia, the Fiscal performance of State-Owned Enterprises (SOEs) is critical as they are responsible for maximizing profits that are used to build infrastructure and social programs for the welfare of society. According to a report by the Ministry of SOEs (2021), SOEs contribute around 30% to Indonesia's GDP, although many SOEs struggle to maintain positive financial results. The disclosure of corruption scandals in SOEs encourages the execution of Effective Corporate Governance (GCG) and Corporate Social Responsibility (CSR) as outlined within the SOES Decree of the Minister No. SK-16/S.MBU/2012 and the Regulation No. PER-05/MBU/2007, which mandate the execution of the Collaboration and Community Development Program.

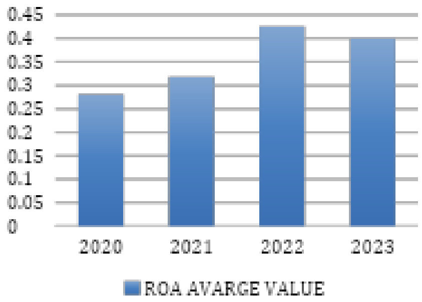

Figure 1. Trends in Average Financial Performance (ROA) of SOEs
Source: Data processed (2025)

Based on the data, there was a significant rise from 2020 to 2022, Afterward, a slight reduction in 2023. The increase in ROA indicates that the execution of CSR and GCG Inside State-Owned Enterprises is starting to exert a beneficial influence on profitability. Along with the effectiveness of CSR and GCG, controlling earnings practices also affect financial performance, allowing companies to present financial statements that show optimal performance. The decline in ROA in 2023 may indicate a correction to these practices.

Companies need to consider the interests of parties other than shareholders in their operations, one of which is by implementing CSR programs regularly. One of the objectives of CSR disclosure is entice potential investors to make investments. The application of CSR is consistent with the G mechanism, which encourages management to be responsible for carrying out social and environmental responsibilities.

According to Zehir et al. (2023), a framework is known as corporate governance of principles, regulations, and methodologies for overseeing companies with high integrity, transparency, and accountability. Some elements of GCG that influences the financial results of businesses include institutional ownership, the board of commissioners, and the audit committee, and independent commissioners.

The lack of effectiveness of GCG in the business enables managers to practice earnings management for personal gain, ignoring stakeholder interests. According to Jensen and Meckling (1976), a principal-agent connection occurs when principals engage agents to execute services and assign decision-making authority power. The one that goal of earnings management is to managers to manipulate accounting information through the selection of accounting methods in in compliance with well recognized accounting standards (Dechow, 1994). Shareholders focus on long-term corporate value, while managers tend to pursue short-term financial targets for bonuses. GCG aims to reduce conflicts of interest through transparency and accountability. However, weak GCG oversight may encourage managers to present inaccurate financial statements, reduce the accuracy of performance measures such as ROA, and influence the decisions of investors and other stakeholders.

Investigation into the influence of Corporate Social Responsibility on financial performance shows mixed outcomes. The investigation undertaken by Mahrani and Soewarno in 2018 discovered that GCG exerts a positive impact on financial performance, CSR also exerts a beneficial influence, while earnings management exerts a beneficial influence and substantial impact, and can mediate the effect of GCG and CSR. However, vilya and Ghozali's research (2022) shows ensuring the financial performance of GCG is not considerably impacted, & Puteri and Rinofah's research (2023) found that CSR doesn't affect the financial results.

This investigation is a development of the investigation of Wulan et al. (2024) It demonstrates that GCG's financial results are unaffected by CSR. while Maharani and Soewarno (2018) found a positive effect of both. These inconsistent results gave rise to academic debate and encouraged researchers to add earnings management variables as mediating factors. This study's objective is to investigate how GCG and CSR interact effectiveness on the financial performance by considering the mediating of managing earnings.

METHOD

The quantitative nature of this investigation in character and focuses on state-owned businesses that are displayed year 2020–2023 on the Indonesia Stock Exchange (IDX). What's information employed is derived from www.idx.co.id and is secondary alongside the annual report, financial statement, and sustainability report for every business. Purposive sampling was used in the selection of the sample method, with a group of SOE businesses appearing on the IDX at that time. The following is the sample selection process: based on the subsequent criteria:

Table 1. Sampling Criteria

No.	Description	Total
	Population	
1	State-owned companies listed on the Indonesia Stock Exchange for 2020-2023.	24
2	Companies that publish financial reports at the end of the year, namely as of December 31 and have been audited for 2020-2023 consecutively.	0
3	Companies that provide data that matches the variables in the study.	0
4	State-owned companies that do not report using Rupiah currency	0
5	Companies that do not earn profits consecutively during the observation period.	(11)
	Sample	13
	Research Year	4
	Total Sampel (13x4)	52

Source: Complied by the authors(2025)

Data analysis was conducted with panel data using EViews software version 12 to ensure the accuracy of the results. The method used is Multiple Linear Regression.The analytical procedure starts with descriptive statistical tests to elucidate the attributes of the observed data. A panel data regression model is then developed, using Chow and Hausman tests to evaluate the model's appropriateness. Subsequently, conventional assumption tests, including multicollinearity assessments, are conducted to verify compliance with the essential assumptions of the regression model. Panel Data Regression Analysis, a method for estimating regression models using panel data, is subsequently used. Hypothesis testing employs the t-test to evaluate the significance of regression coefficients and the Coefficient of Determination (R^2) to ascertain the degree to which the variability of the dependent variable is elucidated by the regression model. Mediation analysis was ultimately performed with the Sobel test. This research employs a range of analytical tools to elucidate the link between the observed variables.

This investigation uses three variables: independent variables (CSR, institutional ownership, the Commissioners' Board, the Audit Committee, and Independent Board of Commissioners), the variable that is dependent on (monetary execution), and mediating variable (Earnings Management).

Table 2. Variable Measurement

Variabel	Indikator	Scale
Financial Performance	*Proxy: Net profit, asset* $ROA = \frac{net\ profit\ after\ tax}{Total\ Asset}$	Ratio
CSR	*Proxy; Indicator 91* $CSR = \frac{Total\ VALUE\ "1"}{Number\ of\ items\ GRI - G4\ 2013\ (91)}$	Ratio
IO	*Proxy: intitutional & bearer shares*	Ratio

	$IO = \frac{Total\ Intituional\ Shares}{Total\ bearer\ shares}$	
AC	*Proxy: comitte members* $AC = \sum Audit\ comitte\ members$	Ratio
BC	*Proxy: Board of commissioners* $BC = \sum Board\ of\ commisoners\ members$	Ratio
BCI	*Proxy: Board of commissioners, Independent board of commisioners* $IC = \frac{Total\ Independent\ broad\ of\ commisioners}{Total\ Board\ of\ commisioners} x100\%$	Ratio
EM	*Proxy: Board of commissioners, Independent board of commisioners* $TA_{it} = NI_t - CFO_{it}$ $TA_{it}/A_{it} = \alpha 1\left(\frac{1}{A_{it-1}}\right) + \alpha 2\left(\frac{\Delta REV_{it}}{A_{it-1}}\right) + \alpha 3\left(\frac{PPE_{it}}{A_{it-1}}\right) +_{it}$ $NDA_{it} = \alpha 1\left(\frac{1}{A_{it-1}}\right) + \alpha 2\left(\frac{\Delta REV_{it}}{A_{it-1}} - \frac{\Delta REC_{it}}{A_{it-1}}\right) + \alpha 3\left(\frac{PPE_{it}}{A_{it-1}}\right) +_{it}$ $DA_{it} = TA_{it} - NDA_{it}$	Ratio

Source: Complied by the authors(2025)

Conceptual Framework

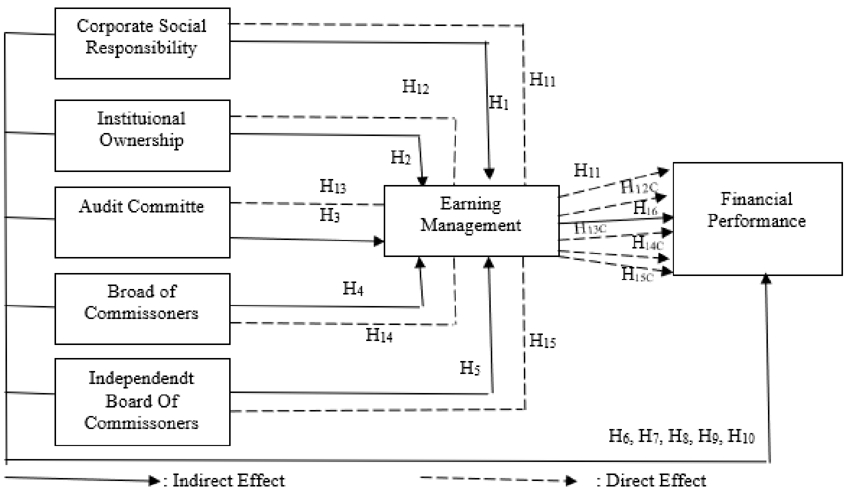

Figure 2. Conceptual Framework

RESULTS AND DISCUSSION

Result

Table 3. Descriptive Analysis

	Y	X1	X2	X3	X4	X5	Z
Mean	0.041012	0.413145	0.894649	4.653846	7.057692	0.552851	0.002321
Median	0.018217	0.390110	0.650000	4.000000	6.000000	0.571429	0.000418
Maximum	0.281738	0.769231	3.782857	10.00000	12.00000	0.800000	0.047642
Minimum	0.000421	0.098901	0.006433	3.000000	4.000000	0.333333	-0.011895
Std. Dev.	0.057494	0.164242	0.734876	1.939119	2.404354	0.136227	0.008380
Skewness	2.384740	0.588783	2.347984	1.002801	0.478566	-0.047561	3.160862
Kurtosis	8.886336	2.732025	7.851633	2.860107	1.921268	2.022535	17.85923
Jarque-Bera	124.3599	3.160023	98.77932	8.757684	4.506151	2.089720	564.9823
Probability	0.000000	0.205973	0.000000	0.012540	0.105076	0.351741	0.000000
Sum	2.132612	21.48352	46.52174	242.0000	367.0000	28.74827	0.120671
Sum Sq. Dev.	0.168586	1.375742	27.54216	191.7692	294.8269	0.946447	0.003582
Observations	52	52	52	52	52	52	52

Source: Data processed (2025)

Table 3 shows 52 research data. For Y, the lowest amount is 0.000421, the highest amount is 0.281738, the average is 0.041012, along with the standard deviation being 0.057494. Variable X1 contains a minimum of 0.098901, a maximum of 0.769231, an average of 0.413145, and a standard deviation of 0.164242. X2 shows a minimum amount of 0.006433, at most 3.782857, an average of 0.894649, along with the standard deviation being 0.734876. Variable X3 has a minimum of 3 members, a maximum of 10 members, an average of 4.653846, along with the standard deviation being 1.939119. Variable X4 possesses at least 4 members, at most 12 members, an average of 7.057692, along with the standard deviation being 2.404354. Variable X5 shows a minimum of 0.333333, at most 0.800000, an average of 0.552851, along with the standard deviation being 0.136227. The mediating variable (Z) , possesses at least -0.011895, at most 0.047642, an average of 0.002321, along with the standard deviation being 0.008380.

Table 4. Chow test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.918828	(12,33)	0.0000
Cross-section Chi-square	70.497718	12	0.0000

Source: Data processed (2025)

In table 4 there the replica is called the Fixed Effect Model (FEM) selected since the chance value is 0.0000 < 0.05.

Table 5. Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.626089	6	0.4663

Source: Data processed (2025)

The Random Effect Model's (REM) findings showed selected because, according the probability of value is 0.4663 > 0.05 the Hausman test indicates.

Table 6. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	20.10707 (0.0000)	0.453263 (0.5008)	20.56033 (0.0000)
Honda	4.484090 (0.0000)	-0.673248 (0.7496)	2.694672 (0.0035)
King-Wu	4.484090 (0.0000)	-0.673248 (0.7496)	1.403174 (0.0803)
Standardized Honda	5.989410 (0.0000)	-0.340016 (0.6331)	0.461691 (0.3222)
Standardized King-Wu	5.989410 (0.0000)	-0.340016 (0.6331)	-0.665465 (0.7471)
Gourieroux, et al.	--	--	20.10707 (0.0000)

Source: Data processed (2025)

Out of the multiplier of Lagrange outcomes, the Random Effect Model (REM) is the prototype selected since the probability value is 0.0000 < 0.05. Of the 3 examinations that have taken place, the most effective is the Random Effect Model (REM), therefore to carry out Path Analysis, you can use Model of Random Effects (REM).

Table 7. Multicolinearity Test

Sample: 2020 2023
Included observations: 52

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.001644	11.28206	NA
X1	0.000866	2.178174	1.163598
X2	0.000119	1.864110	1.213003
X3	4.59E-05	8.885559	2.064721
X4	3.12E-05	12.57082	1.907394
X5	0.001873	5.145427	1.215961
Z	0.259562	1.164023	1.154428

Source: Data processed (2025)

Table 8 indicates that the Glejser method's Heteroscedasticity Test has a probability value larger than 0.05, signalling that the heteroscedasticity test assumption doesn't happen.

Hypothesis Testing, Model 01

Table 8. T test

Dependent Variable: Z
Method: Panel EGLS (Cross-section random effects)
Date: 02/05/25 Time: 12:42
Sample: 2020 2023
Periods included: 4
Cross-sections included: 13
Total panel (balanced) observations: 52
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.010815	0.007751	-1.395248	0.1696
X1	0.008794	0.007245	1.213780	0.2310
X2	-0.000225	0.002301	-0.097682	0.9226
X3	-0.000883	0.001189	-0.742726	0.4614
X4	0.001429	0.000937	1.525390	0.1340
X5	0.006747	0.009682	0.696827	0.4894

Source: Data processed (2025)

Variable X1 possesses a t-statistic that 1.213780 and a probability of 0.2310, so it has no significant effect on variable Z (H_1: Rejected). The X2 variable having a t-value of -0.097628 and a probability of 0.9226 also has no significant effect (H_4: Rejected). Variable X3 shows a t-statistic of -0.742726 and the likelihood of 0.4614, so it has no significant effect (H_7: Rejected). Variable X4 has a t-statistic of 1.525390 and the likelihood of 0.1340, which is also not significant (H_{10}: Rejected). Finally, variable X5 with t-statistic 0.696827 and the likelihood of 0.4894 has no significant effect (H_{13}: Rejected).

Table 9. Determination Coefficient Test

R-squared	0.360936	Mean dependent var	0.002321
Adjusted R-squared	0.041404	S.D. dependent var	0.008380
S.E. of regression	0.008205	Akaike info criterion	-6.500739
Sum squared resid	0.002289	Schwarz criterion	-5.825308
Log likelihood	187.0192	Hannan-Quinn criter.	-6.241794
F-statistic	1.129578	Durbin-Watson stat	2.072410
Prob(F-statistic)	0.368477		

Source: Data processed (2025)

Having a 0.041 corrected R-squared, the impact of CSR, IO, AC, BC, BCI, on Earnings Management variables 4.1%.

Table 10. T Test

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 03/23/25 Time: 21:23
Sample: 2020 2023
Periods included: 4
Cross-sections included: 13
Total panel (balanced) observations: 52
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.059678	0.040540	1.472068	0.1480
X1	0.071125	0.029426	2.417060	0.0198
X2	-0.008681	0.010886	-0.797461	0.4294
X3	0.015871	0.006773	2.343231	0.0236
X4	-0.011675	0.005584	-2.090551	0.0422
X5	-0.058084	0.043276	-1.342162	0.1863
Z	0.154946	0.509472	0.304131	0.7624

Source: Data processed (2025)

Variable X1 has a t-statistic of 2.417060 and a probability of 0.0198, so it has a has significant implications on variable Y (H6: Accepted). Variable X2 with t-statistic -0.797461 and probability 0.4294 has no significant effect (H7: Rejected). Variable X3 shows t-statistic 2.343231 and probability 0.0236, has a noteworthy impact on the variable Y (H8: Accepted). Variable X4 has a t-statistic of -2.090551 and a likelihood 0.0422, also has a significant effect (H9: Accepted). Variable X5 with t-statistic -1.342162 and a likelihood 0.1863 has no significant effect (H10: Rejected). Variable Z has a t-statistic of 0.7624 and a likelihood 0.304, has no significant effect on variable Y (H16: Rejected).

Table 11. Determination Coefficient Test

R-squared	0.213389	Mean dependent var	0.011815
Adjusted R-squared	0.108507	S.D. dependent var	0.026446
S.E. of regression	0.024970	Sum squared resid	0.028058
F-statistic	2.034570	Durbin-Watson stat	1.734428
Prob(F-statistic)	0.080535		

Source: Data processed (2025)

Having a 0.108 corrected R-squared, the effect of CSR, IO, AC, BC, BCI, and Earnings Management variables on Financial Performance is 10.8%.

Regression Equation Analysis

Y = 0.0596779814853 + 0.0711246182168*X1 - 0.0086811107467*X2 + 0.0158713589756*X3 - 0.0116745095452*X4 - 0.0580838804614*X5 + 0.154946033997*Z + [CX=R]

The dependent variable (Y) has a value of 0.0596 when all independent variables are zero, indicating consistency. The CSR variable (X) shows a positive correlation with Financial Performance, increasing it by 0.0711 for each unit increase. Conversely, the Institutional Ownership variable (X2) has a negative correlation, decreasing Financial Performance by 0.0086 per unit increase. The Audit Committee variable (X3) positively correlates with Financial Performance, increasing it by 0.0158 for each unit increase. The Board of Commissioners (X4) Financial Performance is adversely affected, decreasing it by 0.0116 per unit increase. The Board of Commissioners, which is independent variable (X5) also adversely correlates, reducing Financial Performance by 0.0580 per unit increase. Lastly, the Earnings

Management variable (Z) positively correlates, increasing Financial Performance by 0.1549 for each unit increase.

Sobel Test

Table 12. Sobel Test of CSR on Financial Performance through Earnings Management

	Input:		Test statistic:	Std. Error:	*p*-value:
a	0.008794	Sobel test:	0.29501105	0.00461879	0.76798544
b	0.154946	Aroian test:	0.23046007	0.0059125	0.81773429
s_a	0.007245	Goodman test:	0.49076317	0.00277648	0.62359396
s_b	0.509472	Reset all	Calculate		

Source: Data processed (2025)

The statistical significance of the P-value and t value are 0.2950, which is 0.7679>0.05, shows that CSR has no discernible affect financial performance by controlling earnings.

Table 13. Sobel Test of Institutional Ownership on Financial Performance through Earnings Management

	Input:		Test statistic:	Std. Error:	*p*-value:
a	-0.000225	Sobel test:	-0.09309032	0.00037451	0.92583181
b	0.154946	Aroian test:	-0.02832852	0.00123066	0.97740013
s_a	0.002301	Goodman test:	NaN	NaN	NaN
s_b	0.509472	Reset all	Calculate		

Source: Data processed (2025)

The P-Value of 0.9258 (> 0.05) and t-statistic of -0.0930. shows that Institutional Ownership has no discernible affect financial performance by controlling earnings.

Table 14. Sobel Test of Audit Committee on Financial Performance through Earnings Management

	Input:		Test statistic:	Std. Error:	*p*-value:
a	-0.000883	Sobel test:	-0.2814442	0.00048613	0.77836972
b	0.154946	Aroian test:	-0.17615159	0.0007767	0.86017485
s_a	0.001189	Goodman test:	NaN	NaN	NaN
s_b	0.509472	Reset all	Calculate		

Source: Data processed (2025)

The P-value is 0.778 > 0.05 having a t-statistic index of -0.2814, indicate that the Commissioners' Board possesses little impact on Financial Performance through Earnings Management.

Table 15. Sobel Test of the Board of Commissioners on Financial Performance through Earnings Management

	Input:		Test statistic:	Std. Error:	*p*-value:
a	0.001429	Sobel test:	0.2982578	0.00074237	0.76550641
b	0.154946	Aroian test:	0.25086698	0.00088261	0.80191695
s_a	0.000937	Goodman test:	0.38945632	0.00056853	0.69693862
s_b	0.509472	Reset all	Calculate		

Source: Data processed (2025)

The P-value is 0.7655 > 0.05 with a t-statistic value of 0.2982, indicate that the Board of Commissioners has little influence on the financial outcomes through Earnings Management.

Table 16. Sobel Test of Independent Board of Commissioners on Financial Performance through Earnings Management

Input:			Test statistic:	Std. Error:	p-value:
a	0.006747	Sobel test:	0.27874086	0.00375051	0.7804437
b	0.154946	Aroian test:	0.16870856	0.00619661	0.86602589
s_a	0.009682	Goodman test:	NaN	NaN	NaN
s_b	0.509472	Reset all	Calculate		

Source: Data processed (2025)

The P-value is a number for the t-test of 0.2787 and a 0.7804 > 0.05 suggest that Bird of Commissioners Independent contains no noteworthy impact on the financial performance via management of earnings.

Discussion

CSR has little impact regarding earnings management, as shown by the prob value of 0.2310, thus H1 is rejected. The findings of this investigation indicate the same results as those previously conducted by (Kalbuana et al., 2020) and (Fadillah, 2022) showing that CSR has little impact on managing earnings. This study shows that although companies increase CSR disclosure, it is not significantly related to the reduction of earnings management practices.

Ownership of Earnings Management by Institutions has no impact, as shown by the probability value of 0.4614, therefore H2 is turn down. This study is compatible with earlier investigation by (Liebrida & Maria, 2022) and (Arianti & Siarwi, 2024) which asserts that eamings management is unaffected by institutional ownership. Nevertheless, the study's findings are incongruent, because investors lack the capacity to keep an eye on earnings management actions.

The Audit Committee for Management of Earnings shows no effect, as indicated by the 0.1340 prob value, therefore H3 is turned down. This research corresponds with studies carried out by (Mustika et al., 2020) & Studies by Savira Damayanti and Krisnando (2021) It demonstrates that the audit committee is devoid of influence on how earnings are managed. In the findings of this investigation, the audit committee hasn’t functioned properly to optimally prevent earnings management.

The Commissioners’ Board on Earnings Management has no impact, as seen by the 0.1340 prob value, therefore H4 is turned down. This study’s findings are in accordance with the findings obtained by past research carried by khotib (2022), Natalylova & Idris (2022) concluded that there isn’t discernible impact of the Board of Commissioners on the administration of earnings. In the results of this investigation, the number among commissioners’ boards inside an organization cannot reduce management behavior in carrying out earnings management practices.

The Commissioners’ Independent Board on Earnings Management has little impact, as shown by the 0.4894 prob value, therefore H5 is rejected. Several previous studies show similar results, conducted by Rohmah & Anggraini (2022) and Litasia et al., (2023) state that no effect is present from the Separate Board of Commissioners on the management of profits. The findings of this investigation do not corroborate agency theory which indicates the oversight carried out by the the Independent Board of Commissioners is not efficient enough to restrict earnings management practices.

financial Performance is significantly improved by CSR, as shown by the prob value of 0.0198. Thus H6 can be accepted. The study’s findings corroborate earlier research by Amalia & Anita (2021) and Silaban & Harefa, (2020) this demonstrate how financial success is impacted by CSR. This study’s findings show that the superior the implementation a business’s financial efficiency, the more CSR it has.

Institutional Ownership is unrelated to the financial outcomes as demonstrated by the prob value of 0.4294. Thus H7 is rejected. This outcome is in accordance using the results of Aziza et al., (2020) and Ningsih and Wuryani (2020) Who discovered the lack of ownership by institutions bearing on the business's financial results. The findings indicate that elevated institutional ownership does not always improve financial performance.

The Committees for Audits findings are favorable significant affect on financial results, as perceived by the 0.0236 prob value. Thus H8 can be consented to. The conclusions of this inquiry conform to the findings of studies done by Firdarini & Kundala (2022), Hasibuan & Murtanto (2024), this demonstrate the substantial regarding the monetary performance from the Audit Committee. The research study's findings suggest that having an active committee for audits contributes to raising the standard of monetary reporting and internal control's efficacy.

The Board of Commissioners has a favorable significant impact on the financial outcomes as demonstrated by the prob value of 0.0422. Thus H9 can be agreed. The conclusions of this investigation are consistent using the results of Lestari & Mutmainah (2020), Kusumawardhany & Shanti (2021), which found that the business's financial success is significantly impacted by the Board of Commissioners. These results indic that the board of commissioners fulfills a function in in minimizing regarding conflicts of interest between investors and (the principles and agencies).

The Independent Board of Commissioners doesn't the impact of financial results, according to this statistics, as demonstrated by the 0.1863 prob value. This H10 is rejected. These findings align with studies carried out by Nugrahani & Yuniarti (2021), Yuliyani & Cahyonowati (2023), which found that the percentage of the Financial performance on its own is not significantly impacted by the Board of Commissioners. These findings show that the oversight conducted by impartial commissioners is less effective in increasing the profitability or efficiency of the company.

CSR's impact on financial results through intercession of Controlling earnings has no effect as demonstrated by the 0.7679 prob value, Therefore H11 is turned down. The results of this inquiry are congruent with the findings of Kusuma & Indrati (2023), which found that earnings the management doesn't act as a mediator within the connection in the midst CSR and financial performance. In agency theory, CSR can influence accounting policies because managers can prepare financial statements that reflect the company's social concerns. However, this investigation shows that management of profits does not serve as a mediating factor in how Business social responsibility and financial outcomes are related.

There is no effect from ownership by institutions regarding financial performance via use of earnings management mediation as evidenced by the prob value of 0.9258. Thus H12 can be rejected. The conclusions of this investigation correspond with previous investigations carried out by Hendrayati et al., (2025), which found that earnings management is unable to mediate how institutional ownership as well as business success are connected. In agency theory, institutional ownership can contribute to in improving the business's financial results. However, this investigation shows that management of profits does not act as a mediator how institutional ownership affects financial results.

The Audit Committee doesn't influence on financial performance through the prob value of 0.7783, which indicates earnings management mediation. Thus H13 is rejected. This finding in accordance with studies by Sitanggang & Ratmono, (2019), which shows that the earnings management is not directly or substantially impacted by the audit committee or financial performance. In accordance with agency theory, audit committees are formed to oversee financial reporting and earnig management opportunistic actions would adversely affect shareholders. However, this study shows that earnings there is no mediating role for oversight in the connection that exists between the financial results.

The Commissioners' Board has no say in financial performance through earnings management mediation as demonstrated by The likelihood value of 0.7804. Thus H14 is turned down. This result is in accordance with studies carried out by Putro & Ghozali (2021), stating that the management of earnings does not mediate the connection between the financial sector and the Board of Commissioners results of the business. As per agency theory, the commissioners' board functions as an external supervisory mechanism It stands for the stockholders' interests in overseeing managerial actions (Yulianto, (2017). However, this study demonstrates how the affect within the Board of Commissioners on financial results doesn't occur through the management of earnings mechanism.

The Audit Committee doesn't influence financial performance through earnings management mediation as as demonstrated by the probability value of 0.7804. Thus H15 is turn down. This outcomeis consistent with studies carried out by Kurnia et al. (2024), it declares that earnings a connection between financial performance and the Board of Commissioners without Commission cannot be mediated by management. In agency theory, a more separate board ismore effective in stopping harmful earning management techniques shareholders. However, this investigation shows thatthat there's no discernible what the Independent Board of Commissioners has to say about through controlling earnings.

Earnings management on financial performance has no effect as demonstrated by the 0.7624 prob value, thus H16 is turn down. Previous research by Pratama & Devi (2021), as well as several other studies, such as by Saputra et al. (2022), show similar results, namely that financial performance is hardly affected by earnings management. Agency theory states that profits management is used to achieve certain objectives, such as improving financial statements for stakeholders or meeting market expectations. However, this study shows that while earnings management may alter the preparation of financial statements, it does not contribute directly to better financial performance in terms of profitability, efficiency, or management of corporate assets.

CONCLUSION

The research analyzes the effectiveness of CSR and GCG regarding financial performance, with earnings management serving as a mediating variable, Among state-owned firms registered on the Indonesia Stock Exchange. Results indicate that CSR and GCG, measured by institutional ownership, the independent Board of Commissioners, the Board of Commissioners, and the committe for audit's have little impact over control earnings. However, CSR and GCG, favorably affect financial performance as determined by the commissioners' board in addition to the audit committee, whereas the independent commissioners' board and institutional oversight demonstrate no influence. Additionally, earnings a connection between CSR, GCG, and management does not act as a mediator of financial results.

Future studies should take into account the limitations of this study in order to produce more precise findings. First, the incapacity of earnings management to mediate the affects of CSR and GCG factors on financial performance indicates that earnings management procedures are not very important. Second, the conclusions of this study cannot be immediately applied to non-NGO organizations or BUMN enterprises not listed on the Indonesia Stock Exchange because it only includes BUMN entities that are registered on the Indonesia Securities Market.

The findings show that businesses should strengthen the functions of the auditing committee and Commissioners' Board in implementing CSR and GCG to enhance financial performance. Companies must also manage earnings carefully to avoid manipulation and evaluate the roles of an autonomous ownership by institutions and the board of commissioners due to their minimal impact. An effective ownership and supervisory structure is essential for sustainable financial performance.

Subsequent researchers are urged for investigation other mediating variables, as earnings a connection between CSR, GCG, ownership by institutions and the board of commissioners. They may also consider adding variables such as managerial ownership or financial performance metrics like ROE, ROI, and ROA.

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