

THE EFFECT OF ACCOUNTING CONSERVATISM AND CORPORATE SOCIAL RESPONSIBILITY (CSR) DISCLOSURE ON EARNINGS MANAGEMENT: EMPIRICAL EVIDENCE FROM CONSUMER GOODS INDUSTRY COMPANIES LISTED ON THE DURING 2022–2025

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Abstract: This study examines the effects of accounting conservatism and Corporate Social Responsibility (CSR) disclosure on earnings management in consumer goods industry companies listed on the Indonesia Stock Exchange during the 2022–2025 period. Earnings management remains a major concern because it can reduce the reliability of financial reporting and create information asymmetry between management and stakeholders. This study employed a quantitative approach with a causal explanatory design using panel data regression analysis. The sample consisted of 44 consumer goods companies selected through purposive sampling, resulting in 176 firm-year observations. Earnings management was measured using discretionary accruals based on the Modified Jones Model, accounting conservatism was measured using the Conservative Accruals (CONACC) model, and CSR disclosure was measured using the Corporate Social Responsibility Disclosure Index (CSRDI). The results indicate that accounting conservatism has a positive and significant effect on earnings management, while CSR disclosure has a negative and significant effect on earnings management. Furthermore, accounting conservatism and CSR disclosure simultaneously have a significant effect on earnings management. These findings suggest that CSR disclosure contributes to reducing opportunistic reporting behavior, whereas accounting conservatism may provide managerial discretion that influences reported earnings.

Keywords: *Accounting Conservatism, Corporate Social Responsibility Disclosure, Earnings Management, Consumer Goods Industry.*

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1. Introduction

Financial statements are an important source of information used by investors, creditors, and other stakeholders to assess a company's performance and financial condition. One of the most important pieces of information contained in financial statements is earnings, as it is frequently used as a basis for economic decision-making. However, the quality of earnings information may decline when management engages in earnings management practices, which refer to actions taken to influence reported earnings figures in accordance with certain interests (Alexander & Christina, 2022). Such practices may be carried out through accrual manipulation

or real business activities, causing the reported earnings to not always reflect the company's actual economic condition (Boulhaga et al., 2022). Earnings management has become an important concern because it has the potential to create information asymmetry between management and external stakeholders. Manipulated earnings information can reduce the reliability of financial statements and affect the quality of decisions made by investors and other stakeholders (Dang et al., 2023). This condition indicates that earnings management not only affects the quality of financial reporting but may also diminish stakeholders' trust in the information presented by the company. Therefore, a deeper understanding of the factors that influence and constrain earnings management practices is necessary to ensure the quality and credibility of financial information produced by companies.

Research on earnings management has become increasingly relevant in the post-pandemic era, as companies face greater economic pressures and business uncertainty. These conditions encourage firms to maintain their financial performance and investor confidence through the presentation of reliable and high-quality financial statements. However, under such challenging circumstances, the likelihood of earnings management practices may also increase, as managers have incentives to portray stable corporate performance to external stakeholders. If such practices are not properly controlled, financial statements may fail to reflect the company's actual economic condition, potentially misleading investors, creditors, and other stakeholders in their decision-making processes (Dang et al., 2023).

The urgency of this study is particularly evident in consumer goods industry companies listed on the Indonesia Stock Exchange during the 2022–2025 period. This sector plays a vital role in the economy as it produces goods that are continuously needed by society while operating in a highly competitive market environment. In the post-pandemic period, consumer goods companies have faced various challenges, including changes in consumer purchasing power, economic uncertainty, and increasing pressure to maintain corporate performance and reputation. These conditions have heightened the need for conservative and transparent financial reporting practices to sustain stakeholder confidence (Rahmawati, 2023). On the other hand, the continued occurrence of earnings management fluctuations within this sector indicates the presence of opportunistic behavior in financial reporting (Rahmawati, 2023). In addition, the growing emphasis on Corporate Social Responsibility (CSR) disclosure has increased expectations for companies not only to achieve economic objectives but also to maintain social and environmental legitimacy. Therefore, it is important to examine the factors that influence earnings management practices, particularly accounting conservatism and CSR disclosure, in order to provide relevant empirical evidence for improving the quality of financial reporting in the consumer goods industry.

From a theoretical perspective, the relationship between accounting conservatism and earnings management can be explained through Agency Theory. Agency Theory suggests that conflicts of interest between managers and shareholders may encourage managers to engage in opportunistic behavior, including earnings management, to maximize their personal benefits. Accounting conservatism serves as a monitoring mechanism that requires a higher level of verification for recognizing gains than losses, thereby limiting managerial discretion in financial reporting. By promoting the timely recognition of potential losses and reducing the possibility of overstating earnings, conservatism can constrain managers' ability to manipulate accounting numbers and improve the credibility of financial statements.

Furthermore, the relationship between Corporate Social Responsibility (CSR) disclosure and earnings management can be explained through Stakeholder Theory and Legitimacy Theory. Stakeholder Theory emphasizes that companies are accountable not only to

shareholders but also to various stakeholder groups that are affected by corporate activities. Consequently, companies that disclose CSR information more extensively tend to be more transparent and accountable in their reporting practices, which may reduce the likelihood of earnings manipulation. Similarly, Legitimacy Theory argues that organizations seek to maintain social legitimacy by aligning their actions with societal expectations. Firms with strong CSR commitments are expected to preserve their reputation and legitimacy through ethical business conduct and transparent financial reporting, thereby reducing incentives to engage in earnings management practices. Based on these theoretical perspectives, accounting conservatism and CSR disclosure are expected to play important roles in limiting earnings management. Conservatism restricts managerial opportunism through prudent accounting practices, while CSR disclosure promotes transparency, accountability, and stakeholder monitoring. Therefore, examining the influence of these variables on earnings management is important for understanding the mechanisms that contribute to higher-quality financial reporting.

Based on the phenomenon and research urgency described above, this study aims to examine the effect of accounting conservatism on earnings management and the effect of Corporate Social Responsibility (CSR) disclosure on earnings management in consumer goods industry companies listed on the Indonesia Stock Exchange during the 2022–2025 period. This study is expected to provide empirical evidence regarding the role of accounting conservatism and CSR disclosure in influencing earnings management practices. Furthermore, the findings are expected to contribute to the financial accounting literature and serve as a valuable reference for companies and stakeholders in enhancing the quality of financial reporting.

2. Literature Review

Agency theory explains that the separation between ownership and control creates information asymmetry between principals and agents, providing opportunities for managers to act in their own interests rather than those of shareholders (Hendrastuti & Harahap, 2023; (Sun et al., 2022). One manifestation of such opportunistic behavior is earnings management, where managers utilize discretion in financial reporting to influence reported earnings for particular objectives. Consequently, mechanisms that can reduce managerial discretion are considered important in improving the quality and reliability of financial reporting.

This study is grounded in Agency Theory, Stakeholder Theory, and Legitimacy Theory to explain the relationship between accounting conservatism, CSR disclosure, and earnings management. Agency Theory suggests that information asymmetry between managers and shareholders may encourage managers to engage in earnings management to maximize personal interests. Therefore, governance mechanisms that restrict managerial discretion are necessary to mitigate opportunistic behavior. Accounting conservatism serves as one such mechanism by promoting prudent financial reporting and limiting the overstatement of earnings. In addition, Stakeholder Theory and Legitimacy Theory explain that companies are expected to maintain transparency and accountability toward stakeholders through CSR disclosure. Higher levels of CSR disclosure may increase external monitoring and reputational concerns, thereby reducing managerial incentives to manipulate earnings. Accordingly, both accounting conservatism and CSR disclosure are theoretically expected to influence earnings management practices.

Accounting conservatism is a prudence principle that requires a higher degree of verification before recognizing gains than losses, resulting in a more cautious presentation of financial information (Alvira & Kusumawati, 2025). From an agency perspective,

conservatism can reduce information asymmetry and limit opportunistic managerial behavior because managers have less flexibility to overstate earnings and assets (Wardoyo et al., 2022). By accelerating the recognition of potential losses and delaying the recognition of uncertain gains, conservatism restricts opportunities for earnings manipulation. Furthermore, accounting conservatism functions as an effective governance mechanism by increasing the timeliness of bad-news recognition and reducing the possibility of earnings overstatement. When firms apply conservative accounting policies, managers face stricter constraints in exercising accounting discretion because potential losses must be recognized earlier, whereas uncertain gains cannot be recognized until sufficient evidence is available. Consequently, higher levels of accounting conservatism are expected to improve the credibility of financial reporting and reduce the likelihood of earnings management practices. Empirical evidence reported by Nurmaya et al. (2025) indicates that accounting conservatism negatively affects earnings management, although Rahmawati (2023) found no significant relationship. Based on the theoretical arguments and prior findings, the following hypothesis is proposed:

H1: Accounting conservatism affects earnings management

Corporate Social Responsibility (CSR) reflects a company's commitment to fulfilling its economic, social, and environmental responsibilities toward stakeholders (Santoso & Raharjo, 2022). Stakeholder Theory suggests that companies must consider the interests of various stakeholder groups to maintain long-term sustainability, while Legitimacy Theory argues that organizations seek social acceptance by aligning their activities with societal expectations (Dewinta et al., 2022; Fadillah, 2022). Through CSR disclosure, companies can enhance transparency, accountability, and stakeholder trust. As a result, firms with higher CSR engagement are expected to face greater pressure to maintain the integrity of financial reporting and avoid opportunistic behavior. From the perspective of Stakeholder Theory and Legitimacy Theory, extensive CSR disclosure increases public scrutiny and stakeholder monitoring over corporate activities. Companies that actively communicate their social and environmental responsibilities are expected to maintain consistency between their disclosed commitments and actual business practices, including financial reporting. Engaging in earnings management may create reputational risks and undermine the credibility of CSR initiatives. Therefore, firms with higher levels of CSR disclosure are generally more motivated to provide transparent and reliable financial information, reducing the likelihood of opportunistic earnings management behavior.

Previous studies provide evidence that CSR is associated with lower levels of earnings management. Tran et al. (2022) found that firms with stronger CSR practices tend to engage less in earnings manipulation, indicating a greater commitment to transparent reporting. Similarly, Nagy and Valaskova (2022) reported that CSR contributes to improving financial reporting quality. Although some studies suggest that CSR may also be used as an impression management strategy (Hudaya et al., 2025), the transparency and monitoring effects of CSR are expected to outweigh such motives. Therefore, the following hypothesis is proposed:

H2: Corporate Social Responsibility (CSR) disclosure affects earnings management.

2. Research Method

This study employed a quantitative research approach with a causal explanatory design to examine the effect of accounting conservatism and Corporate Social Responsibility (CSR) disclosure on earnings management. The study focused on consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2025 period. The consumer

goods sector was selected because it represents one of the most essential industries in Indonesia, characterized by relatively stable demand and a significant contribution to economic activity. Furthermore, companies in this sector faced increasing challenges during the post-pandemic recovery period, including changes in consumer purchasing behavior, economic uncertainty, and growing demands for financial transparency and corporate accountability. Therefore, the sector provides an appropriate context for examining earnings management practices and the role of accounting conservatism and CSR disclosure in influencing financial reporting quality. The 2022–2025 period was chosen to capture corporate financial reporting behavior during the post-pandemic recovery era. During this period, companies experienced pressure to maintain financial performance and stakeholder confidence while adapting to changing market conditions. These circumstances may increase managerial incentives to engage in earnings management, making this period particularly relevant for investigating factors that may constrain such practices.

Secondary data were obtained from annual reports and sustainability reports published on the official IDX website and each company's official website. The population consisted of 53 consumer goods industry companies listed on the Indonesia Stock Exchange. The sample was selected using a purposive sampling method based on two criteria: (1) companies consistently listed on the IDX during 2022–2025, and (2) companies that published annual reports and sustainability reports throughout the observation period. These criteria were applied to ensure data completeness, consistency, and comparability across the observation period. Based on these criteria, 44 companies met all sampling requirements and were selected as the research sample, resulting in 176 firm-year observations. The remaining companies were excluded due to incomplete annual reports or sustainability reports during the study period. Data collection was conducted using the documentation method by collecting and reviewing annual reports and sustainability reports. The study utilized secondary quantitative data extracted from the reports. Financial statements presented in foreign currencies were converted into Indonesian Rupiah using the annual middle exchange rate issued by Bank Indonesia to ensure data comparability.

The dependent variable in this study is earnings management, measured using discretionary accruals based on the Modified Jones Model. Accounting conservatism serves as the first independent variable and is measured using the Conservative Accruals (CONACC) model developed by Givoly and Hayn. The second independent variable is Corporate Social Responsibility (CSR), measured using the Corporate Social Responsibility Disclosure Index (CSRDI) based on the Global Reporting Initiative (GRI) standards. Data analysis was performed using panel data regression with the assistance of EViews software. The model selection process involved the Chow test, Hausman test, and Lagrange Multiplier test to determine the most appropriate panel data model. Descriptive statistical analysis was conducted to describe the characteristics of the research data. Furthermore, classical assumption tests, including normality, heteroscedasticity, multicollinearity, and autocorrelation tests, were performed to ensure the validity of the regression model. Hypothesis testing was carried out using the t-test, F-test, and coefficient of determination (R^2). The regression model used in this study is formulated as follows:

$$EM = \alpha + \beta_1 \text{CONACC} + \beta_2 \text{CSRDI} + \varepsilon$$

3. Results and Discussion

3.1 Results

This study examined 44 consumer goods industry companies listed on the Indonesia Stock Exchange during the 2022–2025 period. The variables analyzed were accounting conservatism (CONACC), earnings management measured by discretionary accruals (DA), and Corporate Social Responsibility Disclosure Index (CSRDI). The data show that the sample companies have different characteristics in terms of accounting conservatism, earnings management, and CSR disclosure. The CONACC values vary across firms, indicating differences in the application of prudence in financial reporting. This suggests that companies adopt different accounting policies in responding to business uncertainty and financial risks.

The discretionary accruals (DA) values also vary considerably among the sample companies. Both positive and negative values were observed, reflecting the presence of income-increasing and income-decreasing earnings management practices. These differences indicate that the extent of earnings management differs across firms and periods. Firms with higher CSRDI values tend to disclose more information related to their social and environmental activities, while firms with lower values provide more limited disclosure. This finding reflects differences in corporate commitment to social and environmental responsibilities.

Descriptive Statistics

The REM results indicate that accounting conservatism has a positive and significant effect on earnings management, while CSR disclosure has a significant negative effect on earnings management ($p < 0.05$). The model explains 79.10% of the variation in earnings management (Adjusted $R^2 = 0.790993$), with the remaining variation explained by factors outside the model. Furthermore, the significant F-statistic indicates that the REM is statistically significant and suitable for analysis. Following the estimation of the CEM, FEM, and REM, the best model was determined using the Chow, Hausman, and Lagrange Multiplier tests.

Descriptive statistics were used to provide an overview of the characteristics of the research variables, namely Corporate Social Responsibility Disclosure Index (CSRDI), accounting conservatism (CONACC), and earnings management measured by discretionary accruals (DA). The analysis was based on 176 firm-year observations from 44 consumer goods industry companies listed on the Indonesia Stock Exchange during the 2022–2025 period.

Table 1. Descriptive Statistics of Research Variables

Statistic	CSRDI	CONACC	DA
Mean	0.4758342922899885	0.009506270429820976	50.05462313294864
Median	0.4746835443037975	-0.0001559889879642709	-0.07118441549951209
Maximum	0.620253164556962	0.2503667245660277	937.8342590106264
Minimum	0.2784810126582278	-0.09951256545389845	-2.429703182677654
Std. Dev.	0.05897426652767976	0.040908295731486	152.026071112809
Skewness	-0.0843261393769576	1.650001886127749	3.636362277854203
Kurtosis	3.033833831340486	9.747177733973644	16.99299178907368
Jarque-Bera	0.2169810079951415	413.7058366520217	1823.773172263442
Probability	0.8971874144703869	1.461904508386427e-90	0
Sum	83.74683544303802	1.673103595648492	8809.613671398964
Sum Sq. Dev.	0.6086437196836168	0.2928605154395752	4044587.10214945
Observations	176	176	176

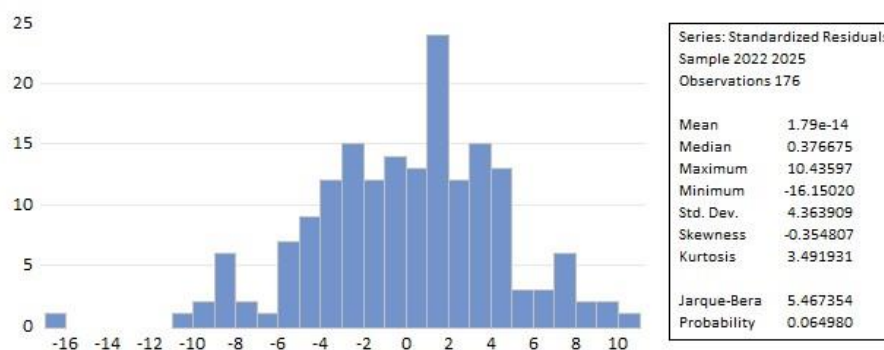
The results show that the average CSRDI value is 0.475834, indicating that, on average, the sample companies disclosed approximately 47.58% of the CSR indicators used in this study. The CSRDI values range from 0.278481 to 0.620253, with a standard deviation of 0.058974, suggesting relatively low variation in CSR disclosure among the sample firms. Accounting conservatism (CONACC) has a mean value of 0.009506, with values ranging from -0.099513 to 0.250367. The standard deviation of 0.040908 exceeds the mean value, indicating substantial variation in the level of accounting conservatism across companies. Earnings management (DA) records a mean value of 50.054623, with a minimum value of -2.429703 and a maximum value of 937.834259. The standard deviation of 152.026071 is considerably higher than the mean, reflecting a high degree of dispersion and significant differences in earnings management practices among the sampled firms. Based on the skewness and kurtosis values, DA exhibits a positively skewed and leptokurtic distribution, indicating the presence of several extreme observations. In contrast, CSRDI shows a skewness value close to zero and a kurtosis value near three, suggesting a distribution that is relatively close to normal. The Jarque–Bera test further indicates that CSRDI is normally distributed ($p > 0.05$), whereas CONACC and DA do not follow a normal distribution ($p < 0.05$).

Classical Assumption Tests

Normality Test

The normality test was conducted using the Jarque–Bera test to examine whether the residuals were normally distributed. The results are presented in Figure 1.

Figure 1. Normality Test Results



The Jarque–Bera statistic is 5.467354 with a probability value of 0.064980, which exceeds 0.05. This indicates that the residuals are normally distributed and that the normality assumption is satisfied. Therefore, the regression model is suitable for further analysis and hypothesis testing.

Heteroscedasticity Test

The heteroscedasticity test was conducted using the Panel Cross-section Heteroskedasticity LR Test. The likelihood ratio statistic is 62.925742 with a probability value of 0.0619, which is greater than 0.05. Therefore, the null hypothesis of homoskedasticity cannot be rejected, indicating that the model does not suffer from heteroscedasticity. Thus, the regression model satisfies the homoskedasticity assumption and is suitable for further analysis.

Multicollinearity Test

The multicollinearity test was conducted using the Variance Inflation Factor (VIF). The centered VIF values for CONACC and CSRDI are 1.006745, which are well below the threshold value of 10. These results indicate that no multicollinearity exists among the independent variables. The VIF values close to 1 further suggest a low correlation between the variables, indicating that each variable can independently explain its relationship with earnings management. Therefore, the model satisfies the multicollinearity assumption.

Autocorrelation Test

The Durbin–Watson statistic is 1.972077, which is close to 2, indicating the absence of autocorrelation in the regression model. This result suggests that the residuals are independent across observations, and therefore the model satisfies the autocorrelation assumption. Consequently, the regression model is suitable for further analysis and hypothesis testing.

Hypothesis Testing

F-Test

The F-test was conducted to examine whether the independent variables jointly affect earnings management. The F-statistic is 332.612380 with a probability value of 0.0000, indicating that accounting conservatism (CONACC) and CSR disclosure (CSRDI) jointly have a significant effect on earnings management. Therefore, the regression model is statistically significant and suitable for hypothesis testing. The results indicate that accounting conservatism (CONACC) has a coefficient value of 134.260541 and a probability value of 0.0000, which is lower than the significance level of 0.05. This finding demonstrates that accounting conservatism has a positive and significant effect on earnings management. Therefore, a higher level of accounting conservatism is associated with an increase in earnings management practices. Furthermore, the Corporate Social Responsibility Disclosure Index (CSRDI) shows a coefficient value of -119.154542 with a probability value of 0.0000, which is also below the 0.05 significance level. This result indicates that CSRDI has a negative and significant effect on earnings management. In other words, a higher level of corporate social responsibility disclosure tends to reduce earnings management practices.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) was used to assess the explanatory power of the regression model. The value of Adjusted R-Squared indicates the proportion of variation in the dependent variable that can be explained by the independent variables included in the model. Based on the Common Effect Model (CEM), the R-Squared value is 0.793611 and the Adjusted R-Squared value is 0.791225. This indicates that accounting conservatism and Corporate Social Responsibility Disclosure Index (CSRDI) jointly explain approximately 79.12% of the variation in earnings management. The remaining 20.88% is explained by other factors outside the scope of this study. The relatively high Adjusted R-Squared value suggests that the regression model has strong explanatory power in explaining earnings management. In addition, the F-statistic of 332.612380 with a probability value of 0.0000 indicates that the model is statistically significant and suitable for explaining the relationship between the independent variables and earnings management.

3.2 Discussion

The Effect of Accounting Conservatism on Earnings Management

The results indicate that accounting conservatism has a positive and significant effect on earnings management in consumer goods industry companies listed on the Indonesia Stock Exchange during the 2022–2025 period. This finding suggests that firms with higher levels of accounting conservatism tend to exhibit higher levels of earnings management. The positive relationship implies that the application of conservative accounting practices does not necessarily constrain managerial discretion; instead, it may provide managers with greater flexibility in determining the timing of expense and loss recognition, which can be utilized to influence reported earnings. From the perspective of Agency Theory, earnings management arises due to conflicts of interest between managers and shareholders. Managers possess superior information regarding the firm's financial condition, creating information asymmetry that may encourage opportunistic behavior. Although accounting conservatism is generally intended to improve the reliability of financial reporting, the discretion involved in conservative accounting estimates may create opportunities for managers to adjust earnings according to specific objectives.

The positive relationship found in this study may indicate that accounting conservatism is not always implemented solely as a mechanism to improve reporting quality. In practice, conservative accounting requires considerable managerial judgment in estimating provisions, impairment losses, asset write-downs, and other accrual-based adjustments. Such discretion may create opportunities for managers to strategically recognize expenses or losses across reporting periods in order to achieve specific earnings targets. In other words, conservatism may function as a tool for intertemporal earnings shifting, whereby managers intentionally accelerate or delay the recognition of certain accounting items to influence reported performance. This possibility is particularly relevant during periods of economic uncertainty, such as the post-pandemic recovery era, when firms face strong pressure to maintain profitability, financial stability, and investor confidence. Under these circumstances, conservative accounting practices may coexist with earnings management rather than constrain it.

This finding is consistent with the studies of Le et al (2023) and Rahmawati (2023) which reported that accounting conservatism significantly affects earnings management. The results also support the argument of Wardoyo et al (2022) that accounting policies can influence managerial behavior in financial reporting. Another possible explanation is that the effectiveness of accounting conservatism in reducing earnings management depends on the strength of corporate governance mechanisms. In companies where monitoring by boards of directors, audit committees, or external auditors is less effective, managerial discretion embedded in conservative accounting policies may be used opportunistically. Therefore, accounting conservatism alone may not be sufficient to prevent earnings management unless it is supported by strong governance and oversight mechanisms.

The Effect of Corporate Social Responsibility Disclosure on Earnings Management

The findings reveal that Corporate Social Responsibility Disclosure Index (CSRDI) has a negative and significant effect on earnings management. This result indicates that companies with higher levels of CSR disclosure tend to engage in lower levels of earnings management. Greater CSR disclosure reflects a stronger commitment to transparency, accountability, and ethical business conduct, thereby reducing incentives for managers to manipulate financial

information. This finding can be explained by Legitimacy Theory, which suggests that organizations seek to maintain social legitimacy by aligning their activities with societal expectations. Companies that actively disclose CSR information are more likely to preserve their reputation and public trust, making them less inclined to engage in opportunistic earnings management practices. Furthermore, Stakeholder Theory argues that firms are accountable not only to shareholders but also to a broader range of stakeholders, including customers, creditors, regulators, and society. Consequently, extensive CSR disclosure increases external monitoring and encourages more transparent financial reporting.

The result supports previous studies by Tran et al (2022) which found that CSR disclosure negatively affects earnings management. Similarly, Nagy & Valaskova (2022) argued that CSR contributes to higher financial reporting quality and corporate transparency. Therefore, CSR disclosure can serve as an important governance mechanism that mitigates earnings management and enhances the credibility of financial statements.

The Simultaneous Effect of Accounting Conservatism and Corporate Social Responsibility Disclosure on Earnings Management

The simultaneous test demonstrates that accounting conservatism and CSR disclosure jointly have a significant effect on earnings management. This finding indicates that earnings management is influenced not only by financial reporting policies but also by non-financial factors related to corporate transparency and stakeholder accountability. Accounting conservatism represents a financial reporting mechanism that influences managerial judgment in recognizing revenues, expenses, gains, and losses, whereas CSR disclosure reflects a company's commitment to transparency and social responsibility. Together, these variables explain a substantial proportion of the variation in earnings management, as indicated by the model's Adjusted R-Squared value of 79.12%. This suggests that both accounting and non-accounting factors play an important role in shaping managerial reporting behavior.

The findings support Agency Theory, Legitimacy Theory, and Stakeholder Theory, which collectively explain how internal reporting policies and external stakeholder pressures influence managerial decisions. Therefore, improving the quality of financial reporting through appropriate accounting practices and strengthening CSR disclosure may contribute to reducing opportunistic behavior and enhancing the overall credibility of corporate financial statements.

4. Conclusion

This study examines the effects of accounting conservatism and Corporate Social Responsibility Disclosure Index (CSRDI) on earnings management in consumer goods industry companies listed on the Indonesia Stock Exchange during the 2022–2025 period. The findings indicate that accounting conservatism has a positive and significant effect on earnings management, suggesting that higher levels of conservatism are associated with greater earnings management practices. This result implies that conservative accounting policies may provide managerial discretion in financial reporting, which can influence reported earnings. In contrast, CSRDI has a negative and significant effect on earnings management, indicating that firms with higher levels of CSR disclosure tend to engage in lower earnings management practices. Furthermore, accounting conservatism and CSRDI jointly have a significant effect on earnings management, highlighting the importance of both financial reporting policies and non-financial disclosure practices in influencing managerial reporting behavior.

The novelty of this study lies in providing empirical evidence on the simultaneous role of accounting conservatism and CSR disclosure in explaining earnings management within

Indonesia's consumer goods industry during the 2022–2025 period. The findings contribute to the literature by demonstrating that accounting conservatism does not necessarily reduce earnings management, while CSR disclosure serves as an effective mechanism for enhancing transparency and mitigating opportunistic managerial behavior.

Despite these contributions, this study has several limitations. First, the sample is limited to consumer goods industry companies, which may restrict the generalizability of the findings to other sectors. Second, the study period covers only four years, potentially limiting the ability to capture long-term trends. Third, the model includes only accounting conservatism and CSRDI, while other factors such as corporate governance, audit quality, managerial ownership, leverage, and profitability may also influence earnings management. Therefore, future studies are encouraged to expand the sample coverage, extend the observation period, and incorporate additional variables to provide a more comprehensive understanding of the determinants of earnings management.

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