

## ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY, DEFAULT RISK AND CONSERVATISM EFFECT TO EARNING MANAGEMENT WITH GOOD CORPORATE GOVERNANCE AS MODERATING VARIABLE IN MANUFACTURING COMPANY WHOSE SHARES INCORPORATED IN INDONESIA SHARIA STOCK INDEX

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### Abstract

*The purpose of this research is to examine and analyze Good Corporate Governance in moderating the relationship between Corporate Social Responsibility (as measured by economic, environmental and social), Default Risk (as measured by debt to equity ratio and debt to assets ratio) and Conservatism (as measured by earning / stock return relation, accruals and net assets) Earnings Management. The sample used is a manufacturing company during the period 2011-2015. The total sample used is 170 samples. Sampling technique used is saturated sample method. The analytical model used in this research with Structural Equation Modeling.*

*The results showed that Corporate Social Responsibility, as measured by the economy and environment, has a positive and significant effect on earning management, while Corporate Social Responsibility measured by social have negative and significant effect to earning management. Default risk, as measured by debt to equity ratio and debt to asset ratio, has positive and significant effect on Earnings Management. Also, conservatism measured by earning / stock return relation and accrual has adverse and insignificant effect on earning management.*

*Good Corporate Governance moderates weakening the effect of Corporate Social Responsibility as measured by economic, environmental to Earnings Management. Meanwhile, the interaction of Corporate Social Responsibility proxy by social with good corporate governance has a positive and significant effect. Good Corporate Governance moderates weakening the effect of default risk measured by debt to equity ratio on Earnings Management, while the interaction between default risk measured by debt to asset ratio with good corporate governance has positive and insignificant effect, so GCG does not moderate the effect of default risk as measured by debt to asset ratio to Earnings Management. Another result was that good Corporate governance does not moderate Conservatism effect measured by Earning Stock Return and accrual to Earnings Management on manufacturing companies registered in ISSI on the Indonesia Stock Exchange*

**Keywords:** Corporate Social Responsibility, Default Risk, Conservatism, Earning Management, Moderation, Good Corporate Governance.

**JEL Code;** G30, O16, M14.