Earnings Management Mediate the Effect of Managerial Over Confidence, Good Corporate Governance and Corporate Social Responsibility on Company Performance

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Abstract:- This study aims to provide empirical evidence regarding the mediating effect of Earnings Management as measured by Total Earnings Management on Managerial Overconfidence, Good Corporate Governance and Corporate Social Responsibility on Company Performance. The population of this research are mining companies listed on the Indonesia Stock Exchange for the period 2016-2020 by using purposive sampling technique obtained a sample of 170 observations. The data analysis technique uses Smart PLS 3.0. The results of this study provide empirical evidence that Earnings Management is able to fully mediate the negative influence of Managerial Overconfidence on Company Performance through Overinvestment and Capital Expenditure activities. This is different from the Good Corporate Governance mechanism as measured by the Independent Board of Commissioners proxy, Institutional ownership, managerial ownership and the audit committee mediated by Earnings Management are able to directly and partially influence the Company's performance. Similar to the effect of the Good Corporate Governance mechanism, the mediating role of Earnings Management is also able to partially and directly influence the Corporate Social Responsibility on Company Performance.

Keywords:- *Company Performance, Earnings Management, Managerial Overconfidence, Good Corporate Governance, Corporate Social Responsibility.*

I. INTRODUCTION

The manager's decision as an agent in the company plays an important role. One of the decisions taken is that managers will invest in profitable projects that lead to optimizing the increase in the company's net worth (Kunjal et al 2021). traditional behavioral theory has explained that rational managers always make rational decisions, but behavioral finance theory says otherwise that managers are not always rational and are influenced by different behavioral biases in every managerial decision such as loss aversion, framing, anchoring, and overconfidence (Zavertiaeva, et al., 2018).

Good Corporate Governanceis a form of good corporate management that includes protection for shareholders who act as owners of the company. The existence of GCG plays an important role in the company's performance. However, from the results of a survey conducted by ACGA (Asian Corporate Governance Association) together with CSLA Limited in 2020, it is explained that the score of corporate governance assessment in Indonesia is still in the lowest position, namely ranking 12 out of 12 Asian countries surveyed with a score of 33.6% when compared to countries in Asia.

Although it has been widely researched, some studies still have results that are not consistent with one another. Abdul and Hartono (2017) in their research on mining sector companies listed on the IDX, found that the GCG mechanism, either partially or simultaneously, had no effect on the company's financial performance. Meanwhile, Miftah and Rusliati's research (2018) in their research on mining companies from the results of their research stated that the mechanism of good corporate governance has an effect on company performance.

Apart from Managerial Overconfidence and Good Corporate Governance, another factor that is considered to play an important role that affects financial performance is Corporate Social Responsibility. Corporate Social Responsibility is considered capable of improving company performance along with increasing reputation and competitiveness (Soewarno, 2018). In addition, CSR is considered very important in operational performance because it can be an index for measuring future investment strategies (Chen and Hung, 2020) and is able to meet the interests of stakeholders in order to maintain the company's image.

CSR research is also still inconsistency. Like the research conducted by Mardianto (2021) and Alviansyah&Adiputra (2021) on non-financial and manufacturing companies it was found that social responsibility had an effect on financial performance. Meanwhile, Parengkuan's research (2017) on manufacturing companies shows that CSR has no effect on company performance.

The inconsistency of the research results that have been described has encouraged researchers to use other variables that can mediate the relationship between Managerial Overconfidence, Good Corporate Governance and Corporate Social Responsibility on company performance. Earnings Management was chosen as the

mediating variable used to test the effect of managerial overconfidence, good corporate governance and corporate social responsibility on the performance of mining companies listed on the IDX for the 2016-2019 period. Earnings Management is a factor that can reduce the credibility of financial statements, cause information bias and be able to disturb users of financial statements(Kouaib & Jarboui, 2017) and (Mahrani & Soewarno, 2018).

Earnings management is closely related to the level of profit (earnings) or achievement of a company. so it is not surprising that managers often try to highlight their achievements through the level of profits or profits achieved.(Ningsih, 2017). So that financial information can make investors and stakeholders interested in investing, sometimes company managers take several actions to make the company's financial statements look good. Earnings Management is a choice that is often made by managers in determining accounting policies that are carried out in order to influence financial statements in order to achieve certain goals (Astika, 2010).

The mining sector is one sector that is able to support economic development because its role is considered capable as a provider of energy resources that are indispensable for economic growth. Mining companies require huge capital in exploring natural resources in developing mining and information on financial statements is the key that can attract investors' attention. Over the last few years, many Earning Management cases have been found in the mining sector, including PT. Timah, Tbk., PT. Cakra Mineral, Tbk., and PT. Bumi Resources., Tbk. Of course, this condition is very detrimental to investors which has an impact on the company's performance.

Based on the phenomena that have occurred and from the previous literature, earnings management measurements often use one of the two existing methods, namely Discretionary Accrual and Real Earning Management and it is still rare to measure earnings management with a combination of the two methods. According to Tang (2016) in (Chen & Hung, 2021) also explains that companies can be involved or use the Discreationary Accrual (DA) and Real Earnings Management (REM) methods together. Real and accrual approaches are chosen in measuring earnings management because they feel can reveal complete conditions and explore more about earnings management practices.

II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

In a company, managers who are overconfident are more likely to make irrational and aggressive corporate funding and investment decisions (Malmendier and Tate, 2005) and (Heaton, 2002) by overestimating the value of future investment projects. Schrand and Zechman (2012) in their research found that managers' overconfidence behavior bias increases the likelihood of manipulating financial reporting based on unrealistic beliefs about the future. One way to manipulate financial statements is usually through earnings management. Ahmed and Duellman (2012) found that managers are overconfident in estimating future profits, tend to overestimate projects and delay the recognition of losses. Hwang,

H1: Managerial Overconfidence has a positive effect on Earnings Management

Companies with the implementation of good corporate governance mechanisms tend to be able to minimize the existence of earnings management activities and in large-scale companies the impact of earnings management is very little. The same is true for companies experiencing significant growth that have indications for managementearnings, the impact of earnings management can be suppressed through the implementation of good corporate governance. (Shen and Chih, 2007).In addition, the management who has certain interests will tend to prepare earnings reports that are in accordance with their objectives and not for the interests of the principal so that in this condition, the GCG mechanism plays an important role in controlling and aligning the differences between the two parties (Sriwedari, 2012).Supervision aims to be able to prevent or reduce earnings management because the supervision is a driving force for management as an agent to act as best as possible for the interests of stakeholders, and reduce deviant behavior so that it can properly account for its duties. The implementation of Good Corporate Governance encourages the company's added value to be better as a result of the decline in earnings management practices that can be suppressed through the mechanisms used so as to encourage management to work better (Abduh and Rusliati, 2018).

H2: The mechanism of Good Corporate Governance has a negative effect on Earnings Management.

The demand for corporate social responsibility encourages managers to gain legitimacy for the company that is obtained from society. The implementation of CSR activities is able to maintain good relations with stakeholders, and obtain a positive image for the company. There is a significant and negative correlation between CSR variables (CSR policies, environment, public welfare, and information transparency), and earnings management variables. according to(RCY Chen & Hung, 2021)managers of companies with poor CSR performance tend to carry out earnings management, while the occurrence of earnings management is reduced in companies with good CSR performance. This implies that good CSR performance can effectively prevent managers from influencing the information disclosed in financial statements through earnings management. Companies that are involved in CSR activities tend to be ethical and have good standards of behavior with stakeholders. Carroll (1979) in(Mahrani & Soewarno, 2018) also states that if a company practices CSR in the context of moral obligations, then the company tends to limit the existence of earnings management.

H3 : Corporate Social Responsibility has a negative effect on Earnings Management.

An overconfident manager overestimates his abilities, and underestimates the financial difficulties he might experience. The impact of psychological bias and high performance expectations drive and influence the decisions

that managers make in financing and investing in the company (Fairchild, 2007).(Gervais et al., 2002) explain that the influence of overconfidence on financing decisions in the absence of asymmetric information or moral hazard problems affects managers' decisions to make investments that have negative net value and conditions can endanger the company's cash flows. So that overly confident managers choose higher debt levels than rational managers. This serves to reduce the problem of free cash flow, which aligns the goals of managers and shareholders(Fairchild, 2007). Campbell, et al (2011) test that managers who are too confident will tend to exaggerate the quality of information which leads to damaged firm value. In addition, if managers have a moderate level of self-confidence, they tend to capture information correctly without exaggerating the quality of information, it will maximize the company's performance for the welfare of the company's owners. However, there are times when a manager who is too confident is able to survive in difficult conditions, this is because the perspective of an overconfident manager always finds opportunities and makes decisions that have a high risk preference for the expectation of good company performance (Gudmundsson& Lechner, 2013) in(Tebourbi et al., 2020).

H4 : Managerial Overconfidence has a negative effect on Company Performance.

Good Corporate Governanceis one of the main factors that can determine whether the company's performance is sustainable or not. Companies that are based on good corporate governance will be able to compete with global businesses and earn long-term profits so as to improve the company's financial performance (Feeny&Mardianto, 2010). Watts (2003) in Sriwedari (2012) states that one way to monitor problems that arise between agents and principals and limit opportunistic behavior can be through the application of good corporate governance mechanisms. Kurniati (2010) in Alviansyah&Adiputra (2021) states that the supervisory costs incurred by the principal through the board of commissioners, institutional ownership, and public ownership as tools, the mechanisms and structures used to examine managerial behavior are self-serving, limiting managers' opportunistic behavior so as to improve the quality of company information with all parties. Itan (2020) in his research found that GCG has a positive impact on company performance which is manifested through the good role of the board of commissioners in overseeing management actions and always monitoring the functions of the board of directors. A good audit quality is able to provide the right advice with the company's conditions so as to improve company performance. Itan (2020) in his research found that GCG has a positive impact on company performance which is manifested through the good role of the board of commissioners in overseeing management actions and always monitoring the functions of the board of directors. A good audit quality is able to provide the right advice with the company's conditions so as to improve company performance. Itan (2020) in his research found that GCG has a positive impact on company performance which is manifested through the good role of the board of commissioners in overseeing management actions and always monitoring the functions of the board of directors. A good audit quality is able to provide the right advice with the company's conditions so as to improve company performance.The Good Corporate Governance mechanism also ensures that the company will carry out its obligations to all interested parties and aims to maintain and bring in new investors through the resulting company's financial performance (Abduh and Rusliati, 2018).

H5: Good Corporate Governance Mechanism has a positive effect on Company Performance

Many investors will invest in companies that focus on sustainable development because they are seen to be able to provide good performance for the company in the long term.on the other handmany transnational companies are starting to engage in CSR and include it as an index of measuring future investment strategies and operational performance (Attig, Boubakri, Ghoul, &Guedhami, 2016). This explains why CSR is becoming an increasingly important aspect of corporate operational performance and global capital markets.

CSR aims to avoid the emergence of additional costs that have a negative impact on company performance because it does not generate profits. In addition, from a managerial perspective CSR is able to reduce agency problems and be able to accommodate the company's intentions for social purposes and avoid conflicts of interest between managers, shareholders and other stakeholders (Sial et al, 2018). The consistent implementation of CSR will have a positive impact on company performance through the influence of a positive image given to customers, one of which is customer satisfaction so as to increase the consumption of products produced by the company (Itan, 2020).Engaging in socially responsible activities not only increases stakeholder satisfaction, but also has a positive effect on the company's reputation. Therefore, by using CSR practices, companies can gain support from their various stakeholder groups. (Prior, 2008). In addition, management is also obliged to build and develop the company properly, namely by keeping the environmental aspects in mind along with increasing company profits. By thinking about environmental aspects, it will certainly have a positive impact on the company's image through CSR activities.

H6: Corporate Social Responsibility has a positive effect on Company Performance.

In order to advance their own interests, company managers use various methods of earnings management, both discretionary accruals and real. Chen and Hung, (2020) argue that when company managers are involved in earnings management based on their opportunistic perspective, managers will not hesitate to sacrifice the rights of shareholders by displaying good company financial health information.(Mahrani & Soewarno, 2018) in his research shows that earnings management negative effect on financial performance. This means that the effect resulting from earnings management practices has an impact on the decline in the company's financial performance. One of the most widespread consequences of actions such as earnings manipulation is that companies lose support from stakeholders, which can lead to increased activism and vigilance from shareholders and other affected stakeholder

groups (Zahradkk., 2005: 818) in Prior (2008).Gogazeh and Dakhlall (2020) find that in order to protect the interests of managers, managers are willing to sacrifice shareholders and executives through profit manipulation both in accruals and in real terms so that it has a negative impact on company performance.Savitri, et al (2020) explain that earnings management is a planning of income, expenses, profits and losses that aims to balance fluctuations in earnings so that the financial information provided to stakeholders is not able to reflect the actual situation. In addition, the choice in the use of accounting methods encourages management to choose accounting methods that are considered profitable so that it has an impact on the quality of information and company profitability.

H7: Earnings Management has a negative effect on Company Performance.

Management plays an important role as a decision maker that affects the value of the company. The ability possessed in estimating the company's ability in the future is often influenced by excessive confidence in the condition of the company in the future. Overconfidence also has an impact on the company's long-term management such as reducing investment costs and underestimating the impact of some costs that will occur (Dahtbayaz and Mohammadi, 2016).(Justisi & Putri, 2021)argues that the overconfident behavior that exists in managers tends to like to report and announce higher earnings through intentional or unintentional financial statement misstatements. This condition shows that managers like to be oriented towards higher company performance through the opportunities that exist in the company to manage earnings.(Schrand & Zechman, 2012). Besides that, managers who are too confident underestimate the risk of decisions so that they affect the company's accounting activities that have an impact on financial statements and are involved in earnings management for personal gain through the delivery of misleading information to investors (Ahmad and Duellman, 2012).(Kouaib & Jarboui, 2017) in his research explained thatmanagers who enjoy REM indicate poor future firm performance. Thus, CEO overconfidence can affect the next company's performance because it increases REM activity, which in turn affects the company's future performance.

H8: Managerial Overconfidence has a negative effect on Company Performance through Earnings Management.

The implementation of good corporate governance has a very good impact on the company, including being able to improve the company's financial performance, reducing risks arising from decisions that support corporate governance. The role of the independent board of commissioners in selecting auditors who have a good reputation can provide supervision to management so that there is no opportunity to carry out earnings management in the preparation of financial statements. (Alviansyah&Adiputra, 2021) and (Abduh&Rusliati, 2018) in their research results explain that the good corporate governance mechanism has a positive effect on the company's financial performance mediated by Earnings Management.The presence of the board of commissioners has an important role in improving the implementation of good corporate governance so as to reduce the level of profit manipulation which will have an impact on decreasing company performance (Hermuningsih and Kesuma, 2020).Companies that use strong corporate governance are generally less likely to have Earnings Management acts compared to companies that have weak governance mechanisms (Nasiri and Ramakrishnan, 2020). Besides that, the encouragement of earnings manipulation activities that occur can be suppressed through the implementation of good corporate governance so that the company's performance presented and reported is able to explain the actual state of the company. In addition to the implementation of good corporate governance, the company's performance growth continues to improve along with better transparency in company management (Sriwedari, 2012).

H9: The mechanism of Good Corporate Governance has a positive effect on Company Performance through Earnings Management.

Support from the community is an important part for the company to be able to run its business properly. The implementation of CSR in companies requires large funds but the results obtained are as expected. This is assessed from the improvement of relations with stakeholders. In addition, companies that are able to create good relationships with the community are believed to be able to improve short-term company performance and company value in the long term. Companies can establish good relationships with the community who are believed to be able to improve company performance, one of which is through the implementation of CSR activities.

Chen and Hung, (2020) stated that CSR activities not only have an impact on increasing information transparency and creating interaction with stakeholders but are able to suppress earnings management practices within the company. In addition, when the company has low CSR performance, the company will be vulnerable to increasing earnings management practices so that it has an impact on company performance. The results of research by Alviansyah&Adiputra, (2021), Marwani&Soewarno (2018) show that corporate social responsibility has a positive effect on financial performance mediated by earnings management.

H10: Corporate Social Responsibility positive effect on Company Performance through Earnings Management.

III. METHODS

This research was conducted on mining companies listed on the Indonesia Stock Exchange in 2016-2020. In this research, the data source used is secondary data, namely the financial report database which is accessed through the website www.idx.co.id and researchers also access the company's official website to obtain the necessary data. The population used in this study are mining companies listed on the IDX in 2016-2020. The reason for choosing a mining company as the object of research is because environmental issues that are currently happening are still rife. In addition, the condition of the mining business in Indonesia has increased due to the shift in energy use. Based on the population that has been determined, the method of determining the sample in this study uses a purposive

sampling technique.The population used in this study were 51 mining companies listed on the Indonesia Stock Exchange in 2016-2020. Based on the predetermined population, the method of determining the sample in this study used a purposive sampling technique to obtain a total sample of 185 mining company observations. Managerial overconfidence in this study uses Overinvestment and Capital Expenditure proxies which refer to previous research (Dashtbayaz & Mohammadi, 2016; Duellman et al., 2015; Shah et al., 2018) and (Schrand & Zechman, 2012). Overinvestment is measured by comparing the residual value obtained from sales growth with the investment value. If the regression residual value is higher than investment, it will be coded 1 otherwise if the regression residual value is lower then code 0 is given. Capital Expenditure is measured using a dummy variable, where CAPEX will be equal to 1 if the company's capital expenditure results are divided by the total assets of the previous year. higher than the industry median in the year of observation, and would be equal to 0 otherwise. Good Corporate Governance is measured by proxies for the number of independent commissioners, managerial ownership, institutional ownership and the number of Audit Committees based on BAPEPAM-LK decision No:Kep-643/BL/2012 (Mahrani & Soewarno, 2018). Corporate Social Responsibility is measured based on the GRI index version 4.0 which is divided into three disclosure categories, namely Economic Performance, Environmental Performance and Social Performance. Earnings Management is measured by adding up the results of the Discretionary Accruals and Real Earnings Management methods. Meanwhile, company performance is measured by Tobin's Q and ROA proxies.

In this study, the analytical technique used is the structural equation analysis technique (SEM). This technique was chosen because it is able to describe the concept of a model with latent variables which are variables that cannot be measured directly but are measured using the indicators.

IV. RESULTS AND DISCUSSION

- Evaluation of the Measurement Model (Outter Model

Indicators in the measurement of the outer model consist of convergent validity, discriminatory validity and composite reliability. The results of the convergent validity test on the indicators of the variables Magerial Overconfidence, Good Corporate Governance, Corporate Social Responsibility, Earning Management and company performance show that the entire value of the outer loading indicator variable has a value greater than 0.50 with a p value of 0.000 less than 0. 05.

Variable	AVE	Correlation				
		Managerial Overconfidence (X_1)	Good corporate governance (X_2)	Corporate social responsibility (X_3)	Earning Managemen (X4)	Company Performance (Y1)
Managerial Overconfidece (X_1)	0.793	0.890				
Good corporate governance (X_2)	0.643	-0.691	0.802			
Corporate social responsibility (X_3)	0.782	-0.716	0.759	0.884		
Earning management (X4)	0.721	0.749	-0.770	-0.960	0.849	
Company Performance (Y1)	0.800	-0.705	0.780	0.966	-0.967	0.895

Table 1: Discriminant Validity

Secondary Data, 2021

Discriminant validity test results obtained the results of all variables in the model being tested that met the criteria for discriminant validity, the AVE value of all variables was greater than 0.50 so that this research model can be said to be valid. Composite reliability test aims to measure the reliability of variables. Variables are declared reliable if the value of composite reliability and Cronbach's alpha is above 0.70. The output results of composite reliability and cronbach's alpha variable Managerial Overconfidence, good corporate governance, corporate social responsibility, Earnings Management, and company performance are all above 0.70. Thus, it can be explained that all variables have good reliability.

- Evaluation of quadratic correlation (R-Squares)

In this structural model, there are two dependent variables, namely: Earnings Management (X4) and company performance (Y1). The coefficient of determination (R2) of each dependent variable can be presented in Table 1 below:

Structural Model	Dependent Variable	R-square	Adjusted R-square
1	Earnings management (X4)	0.830	0.829
2	Company performance (Y1)	0.857	0.856

Table 1: Value of R-Square Bound Variable

Calculation: $Q^2 = 1-(1-(R1^2))(1-(R2^2))$
$= 1-(1-0.830)(1-0.857)$
$= 1-(0,170)(0,143)$
$= 1-0.02431$
$= 0.97569$

Based on Table 1, the model of the influence of Managerial Overconfidence, good corporate governance, and corporate social responsibility on Earnings Management gives an R-square value of 0.830 which can be interpreted that the variability of the Earnings Management variable can be explained by the variability of the Managerial Overconfidence, good corporate governance, and corporate social responsibility variables. by 83 percent, while the remaining 17 percent is explained by other variables outside the study. Furthermore, the model of the influence of managerial overconfidence, good corporate governance, corporate social responsibility and Earnings Management on company performance gives an R-square value of 0.857 which can be interpreted that the variability of company performance variables can be explained by the variability of managerial overconfidence, good corporate governance, corporate social responsibility variables. and Earnings Management of 85.7%, while the remaining 14.3% is explained by other variables outside the research.

To measure how well the observed values are generated by the model as well as the estimated parameters, it is necessary to calculate Q-square. The Q-square value has a value range of $0 < Q2 < 1$, where the closer to 1, the better the model. The results of these calculations obtained that the Q-square value is 0.8575, so it can be concluded that the model has very good predictive relevance. Thus, it can be explained that 85.75% of the variation in company performance is influenced by managerial overconfidence, good corporate governance, corporate social responsibility and Earnings Management, while the remaining 12.25% is influenced by other variables.

Direct Effect

	Original Sample (O)	Sample mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1 (Managerial Overconfidence) -> X4 (Earnings Management)	0.109	0.108	0.035	3.117	0.002
X1 (Managerial Overconfidence) -> Y (Company Performance)	-0.063	-0.064	0.027	2.324	0.021
X2 (Good Corporate Governance) -> X4 (Earnings Management)	-0.060	-0.059	0.058	1.042	0.298
X2 (Good Corporate Governance) -> Y (Company Performance)	0.082	0.080	0.033	2.483	0.013
X3 (Corporate Social Responsibility) -> X4 (Earnings Management)	-0.836	-0.838	0.053	15.826	0.000
X3 (Corporate Social Responsibility) -> Y (Company Performance)	0.453	0.477	0.119	3.817	0.000
X4 (Earnings Management) -> Y (Company Performance)	-0.517	-0.494	0.109	4.757	0.000

Table 2. Direct Effect Test Results

Primary Data, 2021

- Managerial Overconfidence has been proven to have a positive and significant effect on Earnings Management. This result is indicated by a positive path coefficient of 0.109 with a t-statistic of 3.117 (t-statistic > 1.96), thus, hypothesis 1 (H1) can be accepted.
- Managerial Overconfidence has been proven to have a negative and significant effect on company performance. This result is indicated by a negative path coefficient of -0.063 with a t-statistic of 2.324 (t-statistic > 1.96), thus, hypothesis 2 (H2) can be accepted.
- Good corporate governance is not proven to have a negative and significant effect on Earnings Management. This result is indicated by a negative path coefficient of -0.060 with a t-statistic of 1.042 (t-statistic > 1.96), thus, hypothesis 3 (H3) is rejected.
- Good corporate governance is proven to have a positive and significant effect on company performance. This result is indicated by a positive path coefficient of 0.082 with a t-statistic of 2.483 (t-statistic > 1.96), thus, hypothesis 4 (H4) can be accepted.
- Corporate social responsibility is proven to have a negative and significant effect on Earnings Management. This result is indicated by the negative path coefficient of -0.836 with a t-statistic of 15,826 (t-statistic > 1.96), thus, hypothesis 5 (H5) can be accepted.
- Corporate social responsibility has been proven to have a positive and significant effect on company performance. This result is indicated by a positive path coefficient of 0.453 with a t-statistic of 3.817 (t-statistic <1.96), thus, hypothesis 6 (H6) is accepted.
- Earnings Management proved to have a negative and significant effect on company performance. This result is indicated by a negative path coefficient of -0.517 with a t-statistic of 4.757 (t-statistic > 1.96), thus, hypothesis 7 (H7) can be accepted.

- Indirect Effect Test (Mediation Variable Examination)

Variable Mediation	Effect				Description
	(A)	(B)	(C)	(D)	
Managerial Overconfidence (X1) → Earnings Management (X4) → Company performance (Y1)	-0,056 (Sig.)	-0,063 (Sig.)	0,109 (Sig.)	-0,517 (Sig.)	Partial Mediation
Good corporate governance (X2) → Earnings Management (X4) → Company performance (Y1)	0,031 (Non Sig.)	-0,060 (Non Sig.)	0,082 (Sig.)	-0,517 (Sig.)	Full Mediation
Corporate social responsibility (X3) → Earnings Management (X4) → Company performance (Y1)	0,432 (Sig.)	0,453 (Sig.)	-0,836 (Sig.)	-0,517 (Sig.)	Partial Mediation

Table 3: Recapitulation of Mediation Variable Test Results

Primary Data, 2021

Description: significance (Sig.) = t-statistic > 1.96 at a= 5%

(A) : indirect effect of independent variable on dependent variable
(B) : direct effect of independent variable on dependent variable
(C) : direct effect of independent variables on mediating variables
(D) : direct effect of the mediating variable on the dependent variable

Based on the results of the examination of the four effects above (effects A, B, C, and D), it can then be proven and the intervention of the mediating variable with the following criteria:

- If effects C and D are significant, but effect A is not significant, then the mediation is fully mediated in the model.
- If the effects of C, D, and A are significant, so mediation is partially mediated in the model.
- If the path coefficient (standardized) for effect A is almost the same as the path coefficient for effect B, then mediation is not proven/supported in the model.
- If either effect C or D is not significant, then mediation is not proven/supported in the model.
- Based on the criteria in examining the mediation effect, then from table 3 above, it can be obtained information as presented in the following explanation:

a. Earnings Management is able to mediate positively on the indirect effect of managerial overconfidence on company performance. These results are shown from the mediation test carried out, namely the effect of C; and D has a significant value, while the effect of A which is a direct influence of the independent variable (Managerial Overconfidence) on the dependent variable (company performance) involving the mediation variable has an insignificant value. Thus, Earnings Management is able to fully mediate (partial mediated) the effect of managerial overconfidence on company performance. Based on these results, it can be interpreted that managerial overconfidence which has a significant impact after the mediation variable Earnings Management has a significant influence on company performance. In this case it can be seen that the eighth hypothesis is accepted.

b. Earnings Management is able to mediate positively on the indirect effect of perceptions of good corporate governance on company performance. These results are shown from the mediation test carried out, namely the effect of C; and D has a significant value, while the effect of A which is a direct influence of the independent variable (good corporate governance) on the dependent variable (company performance) involving the mediation variable has an insignificant value. Thus, Earnings Management is able to mediate partially (full mediated) on the influence of good corporate governance on company performance. This means that the ninth hypothesis proposed in this study is accepted.

c. Earnings Management is able to mediate positively on the indirect effect of perceptions of corporate social responsibility on company performance. This result is shown from the mediation test carried out, namely the effect of B; C; and D has a significant positive value, while the effect of A which is a direct influence of the independent variable (corporate social responsibility) on the dependent variable (company performance) involving the mediating variable has a significant value. Thus, Earnings Management is able to mediate partially (partial mediated) on the effect of corporate social responsibility on company performance and the tenth hypothesis proposed is accepted.

V. MANAGERIAL IMPLICATIONS

This study produces conclusions regarding the effect of Managerial Overconfidence, Good Corporate Governance and Corporate Social Responsibility on company performance mediated by Earnings Management. The results of this study can contribute to influencing knowledge and insight as well as information related to the influence of Managerial Overconfidence, Good Corporate Governance and Corporate Social Responsibility on company performance mediated by Earnings Management. This research has implications for investors and other stakeholders when they want to invest or make economic decisions and evaluate the company's performance so that

they pay more attention to the information contained in the financial statements and managerial behavior in the company.

VI. CONCLUSION

- Managerial Overconfidence has a positive effect on Earnings Management. In this case, the higher managerial Overconfidence behavior will have an impact on Earnings Management activities which are increasing which is marked by Overinvestment activities carried out.
- The role of Good Corporate Governance has not been able to suppress the behavior of Earnings Management through the GCG mechanism that is implemented starting from institutional ownership, audit committee, managerial ownership and the existence of an independent board of commissioners. With the influence of high managerial ownership and the weak role of the audit committee, it further weakens the role of Good Corporate Governance in reducing Earning Managements activities in the company.
- The influence of Corporate Social Responsibility is able to minimize Earnings Management behavior caused by more information presented as a form of corporate responsibility to stakeholders. The greater the information displayed related to corporate social responsibility, the smaller the opportunity for management to carry out earnings management activities.
- Managerial Overconfidence has a negative effect on the company's performance as indicated by the higher the managerial overconfidence behavior in the company, the worse the company's performance.
- Good Corporate Governance positive effect on company performance by increasing the implementation of the Good Corporate Governance mechanism, the company's performance also increases.
- Corporate Social Responsibility affect the company's performance in mining companies listed on the IDX in 2016-2020.
- Mining companies in Indonesia listed on the IDX during 2016-2020 are more likely to carry out Earnings Management activities through the Discretionary Accruals method compared to the other two methods that have an impact on company performance.
- Managerial Overconfidence has a significant negative effect on the company's performance without the mediating role of Earnings Management or in other words, the influence of Earnings Management plays an important role for the influence of Managerial Overconfidence on Company Performance.
- Earnings Managementable to partially mediate on the influence of good corporate governance on company performance. In addition, good corporate governance is also able to directly affect the company's performance without the role of Earnings Management.
- Corporate Social Responsibility positive effect on Company Performance through Earnings Management in mining companies listed on the IDX in 2016-2020.

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