Analisis Of Ceo Dualify Influence And Corporate Social Responsibility (Csr) Toward Financial Performance Through Earning Management On Food & Beverage Company Listed In Indonesian Stock Exchange Pe

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Analisis Of Ceo Dualify Influence And Corporate Social Responsibility (Csr) Toward Financial Performance Through Earning Management On Food & Beverage Company Listed In Indonesian Stock Exchange Period 2013 - 2017

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INTRODUCTION

Global economy crisis occurred in 2008 created changes on company management, especially its structure, role and responsibility of executive and the board members. On the same time in the world, CEO (Chief Executive Officer) Duality starts attract many attention because many responsibility and authority misappropriation which are disadvantageous and considered as the cause of economy crisi (Carty and Wesiss, 2012). Company which previously used CEO Duality structure, in which CEO runs the company as well as the commissioner whom supervises and evaluates the company's operation starts to be separated. This change is caused by several cases showing that such structure is frequently misused for an individual's interest. Of course it influences the company's performance and the stakeholder (Finkelstein and D'Aveni, 1994). In Indonesia, companies are obligated to adhere two tier system. It is a system regulating funcitons of board of directors and board of commissioners separately. Board of directors functions as management board whose responsibility upon operational activity of company while board of commissioner functions as supervisory board whom monitors and evaluates the performance of directory board (Siregar and Utama, 2008). In Indonesia, by the existence of this system, it will not allow a company to practice double positions. However, there are many companies in Indonesia apply kinship system to employ such position. In this case, those two position are employed by two persons whose kinsip relationship. Such separation between CEO and commissioner does not improve monitoring system if there is a kinship system on those positions. CEO Duality in Indonesia's cases happens when two functions of directory and commissioner are employed by two persons whose kinship relationship (Murhadi, 2009). This relationship happens when a parent acting as board of commissioner while the son is employed in directory board. Several companies in Indonesia, when they are seen from the list of the richest people in several media, it could be seen that those companies have kinship relationship. As for example, Robert Budi Hartono remains the top of the list of richest people in Indonesia for years. The man whom is originally named Oei Hwi Thjong is the second child of Djarum's founder – Oei Wie Gwan. Previously, Robert Budi Hartoni was also listed in leadership structure of the company. The Wallstreet Journal in 1992 stated that such double leadership obtained criticism and was assumed inappropriate by society because it resulted to poor performance. In theoretical study about CEO Duality, according to Agency Theory and Stewardship Theory, there are two different arguments becoming the principle about cost and benefit relationship. CEO Duality has inconsistenc performance within its relationship to company's performance (Coles, 2011; Ujunwa, 2013). Investors typically only focus on profit information as financial performance indicators without considerint the procedure of the obtained profit. It allows a manager to decide to promote earning management to avoid any lower presented profit than the investors' expectation (Burgstahler, 1998). The profit information as financial performance indicator leads to poor transparency about financial statement due to earning management practices. Several previous studies stated that the existence of CEO Duality would ease the occurrence of earning management because it had potencies to cause management disrection. It meant the management would have freedom to consider and make descission. There was also found positive correlation between CEO Duality and earning management (Murhadi, 2009; Dechow, 1996; Saleh, 2005). Other arguments stated that CEO Duality motivated CEO to promote earning management. It was caused by the concern person used his managerial power and there was lack of effective control to maximize his personal profit (Zouari, 2015). However, other previous studies showed reversely. CEO Duality created harmony of interests in which board of commissioner also took responsibility upon the performance of the company to protect the image of the company not to be seen bad (Hashim and Devi, 2008). By considering the phenomena about the impacts of differences in CEO leadership structure, inconsistency dealing with CEO Duality to financial performance, and different persepectives about earning management influence due to CEO Duality toward financial performance, they motivated the researchers to analyze influence of CEO Duality to financial performance and also to find out the influence of earning management within relationship of CEO Duality and financial performance. In a process of a business, a company has responsibility fro the stakeholders, both internally and externally. That is a social

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responsibility by considering the awareness of company about how business decision influences society (Madura, 2009). Such involvement of a company would provide advantages for the stakeholders' interests (Kim, 2012). When social responsibility is done consistently, then the company will be considered to have society interest orientation (Osho, 2009). Originally, Corporate Social Responsibility (CSR) or company's responsibility is intentionally and voluntarily done by the company to develop positive image for the society. In 2007, Indonesia obligated business companies concerning with natural resource to do activities related to social responsibility to the society. In another hand, disclosure of social responsibility activity in annual report made financial statement was more transparent. The annual report was more trusted for both investors and any parties which used the report to take decision. Companies fully took responsibility socially and issued efforts and sources to select and determine CSR practice with the sake to fulfill ethical expectation of the stakeholders. In making decision economically was not only relied financial performance of the company but also it needed social information. Previous studies had disclosed that CSR implementation was believed able to improve financial performance in which investors tended to invest on companies which usually did CSR activities (Zuhroh and Sukmawati, 2003). CSR activities done by companies were proven to have significant productive impacts toward financial performance of the company (Dahlia and Siregar, 2008). Study by Athanasia and Maria (2010) showing there was no positive correlation between CSR and financial performance. Wijayati's research (2011) showed that CSR only influenced significantly toward ROE but it did not influence ROA. In the annual report of company, CSR becomes a business strategy to improve profit. Profit is an indicators of financial statement of company used by investors to take decision. Therefore, good profit quality would bee needed by investors or stakeholders. This CSR activity motivates managerial parties of a company to have freedom in promoting earning management practices because the implementation of CSR activities create positive responses for both investors and societies. Thus, it could erase the trace of any misappropriation done by managerial parties. Studies about CSR and earning management correlation provided various findings. Companies disclosing social responsibilities tended to not practice earning management through discretionary accrual or real operational activity manipulation which (Kim, 2012). Earning management has insignificant influence to improve CSR activities. However, CSR activities have relationship to earning management whom will influence financial performance in the future (Rahmawati, 2011). Other research stating intense CSR activities done by company would improve accrual quality of the company and decrease earning management activities and influenced to financial statement quality was done by Hong (2011). There were several different findings about CSR: higher CSR done by companies would result to higher earning management done by the companies (Prior, 2007). Companies with high rate earning management tended to commit earning management. It could be proved as stated by Salewski (2014). By several different point of views about CSR disclosure by the company as its business strategy toward financial performance and differences of earning due to porift management activities to CSR disclosure. Therefore, the researchers tried to analyze the influences of CSR toward financial performance through earning management.

LITERATURE REVIEW

CEO Duality

CEO (Chief Executive Officer) Duality is a condition occurred when an official acts on two positions as CEO (board of directors) and chairman of board (board of commissioner) in a company (Booth et al, 2002). CEO must manage all available sources of an organization by the authority given by board of commissioner while board of commissioner becomes CEO supervisor. According to Agency Theory, CEO Duality could hinder board of directors in handling the management as well as the board of commissioner in judging and supervising the board of directors (Coles et al, 2011). Moreover, the management cannot be separated from conflict of interest elements so it could influence decision making for personal purposes. However, when it is seen from Stewardship Theory side, CEO Duality provides benefit for companies. The concerning company will have better understanding and knowledge about the operation and environment of the company (Weir et al, 2002). Leadership duality structure lead to a strong and clear led organization (Dalton et al, 1998). Phenomena of CEO Duality are frequently debatable both in academician and practitioner dealing with the effects and impacts of CEO Duality to company. CEO Duality is an important attribute in company management which becomes reflection of CEO power in an organization and contributes to company's performance (Daily and Dalton, 1993; Westphal and Zajac, 1995).

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is an action or concept done by company (based on the capability of the company) as realization of its responsibilities to society and environment around the company (Rachman et al, 2011). The example of such responsibility realization may vary, started from conducting activities which are able to improve prosperity of society and to revitalize surrounding environment, to provide scholarship to poor children, to provide financial supports to maintain public facilities, and to donate a village/social facility which is useful for people, especially the surrounding people of the company. The concept of CSR as proposed in Global Reporting Inisiative (GRI). In GRI guideline, it is mentioned that company should explain its company's activities to economy, society, and environment as parts of disclosure standards. Those three dimension are broken down into six dimensions: economy, society, environment, practice of the employees, society and product responsibility in which 79 items existed.

Earning Mangement

Earning management is an intervention done by all companies with purpose to manipulate financial statementing process of a company to reach the target and to gain personal interest profit (Schipper, 1989). Earning management occurs when a manager uses the assessment in the financial statement and structure of transaction to change the financial statement and to change the perceptions of stakeholder about financial economy performance which has something to do with the reported amount in financial statement. Such opportunity owned by manager becomes trigger in making accounting decision to change financial statement and is misused. Many studies showed high tendency of management in committing earning management by using certain accounting instruments as the excuses. Earning management practices are done to predict future profit (Gordon, 1964), to maximize compension (Ronen and Sadan, 1981; Moses, 1987, Healy, 1985), to avoid risk and to propose loan at capital market (Dye, 1988; Trueman and Titman, 1988). There are several ways to do by management to commit earning management:

a. Determining time of the incident and acknowledgement through the already made decision.
b. Allocating cost and earning in certain period.
c. Having its own wisdom management in classifying income posts into preferred categories.

Financial Performance

Financial performance is a successful measurement of company's performance explaining about certain one – period performance (Al-Matari et al, 2014). Financial performance of company is needed by stakeholder and shareholder because it is used as indicators of business judgment, principles of grouping dividend, and meants to attract candidates of investors (Muller, 2014). Profitability Ratio is a ratio to find out the capability of company to gain profit and earning dealing with the selling, asset, and quity based on certain measurement. Types of profitability ratio used to show the amount of profit obtained from performance of a company. Profitability ratio discloses final result of all financial policies and operational decision done by management of a company which influences cash recording system. The types of profitability ratio are: 1) Gross Margin Profit
2) Net Profit Margin
3) Return on Asset Ratio
4) Return on Equity Ratio
5) Return on Scale Ratio
6) Return on Capital Employed
7) Return on Investment
8) Earning Per Share

Hypothesis

A company implementing CEO duality in which having kinship relationship between board of directors and board of commissioner and lack of decision maker separation and controller allows possibilities to manipulate financial report (earning management). Earning management causes company cannot control efficiency of company properly because they cannot recognize the actual financial condition (because the report is manipulated) so it influences financial performance of company. This research also analyzed that disclosure of Corporate Social Responsibility influenced financial performance of company. Corporate Social Responsibility could lead financial statement to be not transparent so it made the manager suppressed his earning management practices and would influence to financial performance. Thus, the proposed hypotheses were:

H_1 : CEO Duality and CSR significantly influenced earning management of food & beverage companies listed in Indonesian Stock Exchange

H_2 : CEO Duality and CSR significantly influenced financial performance of food & beverage listed in Indonesian Stock Exchange

H_3 :. Earning Management significantly influenced financial performance of ifood & beverage companies listed in Indoensian Stock Echange.

H_4 : CEO Duallity and CSR significantly influenced financial performance through earning management of food & beverage companies listed in Indonesian Stock Exchange.

METHODOLOGY

Research Design

This research aims to analyze influences of CEO Duality and Corporate Social Responsibility (CSR) toward financial performance through earning management as the intervening variable. The data used in this research was secondary data with population was food & beverage company listed in Indonesian Stock Exchange. This research was qualitative research. This research used financial report of 18 food & beverage companies listed in Indonesian Stock Echange in 2013 – 2017. Dealing with CEO duality, the data was taken from annual report of each company by looking at the structure of board of commissioner and board of directors. Since there were a few of Indonesian companies reporting their economy, social, and environmental activities in the form of sustaibale reporting, then the CSR data was limited only on the data existing on annual report of company seen on statistical report of company's performance summary found in www.idx.com.

Population and Sample

In this research, the population was food & beverage companies listed in Indonesian Stox Exchange in 2013 – 2017. The data was taken from published financial statement and the website of each company. This research was done by using non-probability sampling with purposive sampling. The criteria of the sample are:

1. All food & Beverage companies were listed in IDX from January 1, 2013 until December 31, 2017.
2. Having published the annual financial statement for the period ended in December 31, 2013 until December 31, 2017 with Indonesian currency, Rupiah.

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Variables

The independent variables/exogeneous variables were CEO (Chief Executive Officer) Duality and Corporate Social Responsibility (CSR). The measurement of CEO duality variable used likert scale. There are four categories to determine criteria of CEO duality, they are:

Tabel I : *The Score Quality of CEO Duality Categories*

CATEGORIES	SCORE QUALITY
If there is no relationship between board of commissioner and board of director (2 different people)	1
If there is affiliation relationship between board of commissioner whom becomes the directory chief.	2
If the commissioner and director are two different persons but they have kinship.	3
If the chief of commissioner and chief of director are the same person (1 same person)	4

CSR disclosure based on sustainability development CFOit = Cash flow of a concept within sustainability report based on Global company operation in the tth year. Reporting Initiative (GRI) standard. Checklist was done 2. Finding the coefficient of β1, β2, β3 from by looking at CSR's disclosures stated in 79 indicators. regression of total accrual: The formula to measure the index of CSR disclosure

dimension is: TACit/TAit-1 = β1 (1/ TAit-1) + β2 ((ΔREVit - ΔRECit)/ TAit-1) + β3 (PPEit/ TAit-1) + Ɛ The disclosed items Remarks :

CDRI = TAit-1 = Total asset of a company in tth 79 year.

The dependent/endogeneous variable was financial ΔREVit = Total changes of performance. The measurement of financial performance earning in the tth year

adopted Moscu's argument (2013, p. 156), measured from ΔRECit = Total changes of credit Return On Equity (ROE) and Return On Asset (ROA). The in the tth year.

intervening variable was earning management. It is a PPEit = Property, Plant and Equipment moderating variable between independent and dependent of a company in the tth year. variables so the independent variable does not directly β1, β2, β3 = Coefficient influence the changes or occurrence of the dependent 3. Calculating Nondiscretionary Accruals variable. Earning management is measured by using (NDAC)

discretionary accrual proxy of Jones'model (1991) The calculation of non-discretionary calculated through four stages: accrual (NDAC) was done by inputing

1. Calculating the total accrual by using cash values of coefficients β1, β2, β3 flow approach: obtained from the regression. The calculation was done for all company

TACit = NIit - CFOit samples in each period.

Remark:

TACit = The total accrual of an i NDACit = β1 (1/ TAit-1) + β2 ((ΔREVit - company in the tth year. ΔRECit)/ TAit-1) + β3 (PPEit/ TAit-1) + Ɛ

NIit = The net profit after company tax in the tth year. Remark:

NDACit= Nondiscretionary accruals of a company in the tth year.

4. Determining discretionary accrual

DAC = (TAC/ TAit-1) - NDAC

Remarks :

DAC= Discretionary accrual

IV. FINDINGS AND DISCUSSION

4.1 Findings

The findings of each research is explained below:

4.1.1 CEO Duality

From the data of food & beverage companies listed in Indoensian Stock Exchange, there were several categories for board of commissioner and board of director for 5 year period, 2013 – 2017. Although it had undergone several changes and reshuffling of commissioner and directory board structures, all of the companies remained in a same category of CEO Duality. Here is the percentage of CEO Duality category:

Table II: *Percentage of CEO Duality Category*

CATEGORIES	TOTAL	PERCENTAGE
Category 1	7	38.89%
Category 2	4	22.22%
Category 3	6	33.33%
Category 4	1	5.56%

	18	100.00%

The average value of CEO Duality variable was 1.97 or almost 2. This number showed that it was in line with leadership structure category. The average of food & beverage company was categorized CEO Duality. This category did not absolutely mean a same person between board of commissioner and board of director but there was kinship relationship or existence of affiliation on the company.

4.1.2 Corporate Social Responsibility (CSR)

The focus of implementation and disclosure of the companies were varied. Global scale companies with their famous products were generally conducting their CSR with large scopes. From 79 items of CSR based on GRI indicators, most of them were adhered by 18 companies.

The indicator of environmental and social performance were the most conducted. The other activities were creating band and image of the companies. Based on the general description of CSR data of each company, based on GRI, the CSR disclosures were focused on several indicators. All indicators consisted of 79 items. According to the used formula in disclosing CSR based on GRI, it was the numbers of disclosed items divided by total of indicator item. The result was average of CDRI score for CSR was 1.600. This result was almost 1. Based on the comparison of CDRI formula, it the companies did all items of indicators, the score would be 1. This score showed that the the companies which had conducted CSR activities, realized into several fields.

4.1.3 Earning Management

The earning management data is measured by discretionary accrual proxy from Jones' model (1991). From 18 food & beverage companies listed in Indonesian Stock Exchange in 2013 – 2017, not all of the supportive data were used to get score of earning management shown by each company. It was due to several company existence listed in Indonesia Stock Exchange in 2013 – 2017. The average score of earning management of food & beverage was -0.185. The discretionary accrual score was negative. It showed that the average of food & beverage done by earning management was done lowering their profit. The score, 0.185, showed the average score of such company did not really frequently conduct earning management.

4.1.4 Financial Performance

Financial performance of this research used ROE and ROA. The financial performance measurement adopted

Moscu's opinion (2013). The average of ROA in such companies was 8.8184. The score showed that the average of such company to return on their assets was 8.8184%. The companies were effective in managing their assets to gain net profit. Meanwhile, the average of ROE was 18.9238%. This score was considered huge. It showed that the companies could gain net profit by using personal model and obtained the available net profit for the investors or the owners.

4.2 Research Result Analysis

The technique of analyzing data in this research used path analysis. Before being analyzed, the data was descriptively analyzed. It was done to find out the mean, highest, and lowest score and also the standard deviation from each variable. Based on the data, it was obtained:

Table III. *Output of SPSS to be Analyzed Descriptively*

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CEO DUALITY	76	1	4	1.97	.923
CSR	76	1.09722	2.46875	1.6007200	.46784817
EARNING MANAGEMENT	76	-.538518	.332805	-.18502143	.148462376
ROA	76	-24.35	52.67	8.8184	10.69411
ROE	76	-24.87	143.53	18.9238	25.79048
Valid N (listwise)	76				

Table IV : *SPSS Output for Hypothesis 1*

companies listed in Indonesian Stock Exchange in

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.124	.071		-1.765	.082
	CEO DUALITY	-.046	.018	-.287	-2.561	.012
	CSR	.019	.035	.062	.552	.583

a. Dependent Variable: EARNING MANAGEMENT

To test each hypothesis, then an analysis was done as follow: CEO Duality (X1) and CSR (X2) significantly influenced earning management (Z) on food and beverage companies listed in Indonesian Stock Exchange in 2013 – 2017. Based on the data of the research, each variable was tested by using multiple regression linier assisted by SPSS program. Here is the output of SPSS: Based on the analysis of SPSS output for both variables, it was obtained significant score. For CEO Duality (X1), it is 0.012 lesser than 0.05. It proved that X1 significantly influenced earning management (Z). The regression coefficient score was – 0.0287. It meant that CEO Duality negatively influenced earning management. Meanwhile, X2 had significant score 0.583, higher than 0.05. The result showed that CSR did not significantly influence earning management. The t_{count} of CSR was 0.552. It meant CSR positively influenced earning management. Based on the output data of SPSS, then the equation of multiple regression linier is:

$$Z = b1X1 + b2\ X2\ + \varepsilon 1$$

$$Z = -\ 0.287\ X1 + 0.062\ X2$$

1. CEO Duality (X1) and CSR (X2) significantly influenced to financial performance (Y) of the 201 3 – 201 7.

Financial performance in this research used ROA and ROE. So Y was divided into Y1 and Y2.

a. CEO Duality (X1) and CSR (X2) significantly influenced ROA (Y1) in food & beverage listed in Indonesian Stock Exchange. Based on the data of the SPSS output table, it is known that the significant scores of both variables were: CEO Duality (X1) = 0.014, lesser than 0.05. It proved X1 influenced significantly to Y1. The coefficient of linier regression was -0.0280. It meant CEO Duality negatively influenced ROA.

   Meanwhile, X2, the CSR obtained significant score 0.078, higher than 0.05. It proved that CSR did not influence significantly to ROA. This regression coefficient was -0.198, meaning that CSR negatively influenced ROA. Based on the output data of SPSS, then the equation of multiple linier regreesion of this hypothesis is:

$$Y1 = b3X1 + b4\ X2\ + \varepsilon 2$$

$$Y1 = -0.280\ X1 - 0.198\ X2 + 0.94$$

b. CEO Duality (X1) and CSR (X2) significantly influenced ROE (Y2) on the companies.

Based on the output SPSS table, it was known that significant score of both variables were: (X1) = 0.002 lesser than 0.05. It meant X1 significantly influenced Y2. The regression coefficient was -0.340. It meant CEO duality negatively influenced ROE. Meanwhile, X2 obtained significant score 0.011, lesser than 0.05. The result proved that CSR also significantly influenced ROE. The coefficient was -0.276. It meant CSR negatively influenced Return On Equity.

Based on the data, the linier regression equation is:

$$Y2 = b5X1 + b6\ X2\ + \varepsilon 3$$

$$Y2 = -0.340\ X1 - 0.276\ X2 + 0.90$$

2. Earning management (Z) influenced significantly to financial performance (Y) on the companies.
   a. Earning Management (Z) significantly influenced ROA (Y1) of the companies. Based on the data of SPSS output table, it was known that significant score of Z = 0.003. It was lesser than 0.05. It proved that Z significantly influenced ROA (Y1). The regression coefficient was 0.33. It meant earning management positively influenced Return On Asset (ROA).

   The equation of linier regression is:

$$Y3 = b7Z + \varepsilon 4$$

$$Y3 = 0.33\ Z + 0.94$$

   b. Earning Management (Z) influenced significantly to ROE (Y2) on the companies. Based on the output SPSS table, it was obtained significant score of Z = 0.002, lesser than 0.05. It proved that Z significantly influenced Y2. The regression coefficient was 0.345, meaning earning management positively influenced Return On Equity (ROE).

   The simple linier regression equation is: $Y4 = b8Z + \varepsilon 5$

$$Y4 = 0.345\ Z + 0.94$$

3. CEO Duality (X1) and CSR (X2) significantly influenced financial performance (Y) through earning management (Z) of the companies.
   a. X1 and X2 significantly influenced Y1 through Z of the companies. Based on

the output SPSS table, it was obtained that:

Table V: *SPSS Output Result for 4th Hypothesis toward ROA*

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25.106	4.964		5.057	.000
	CEO Duality	-2.268	1.287	-.196	-1.763	.082
	CSR	-4.937	2.437	-.216	-2.025	.047
	Earning Management	21.127	8.010	.293	2.638	.010

a. Dependent Variable: ROA

Table VI: *The SPSS Output Result of 4th Hypothesis to ROE*

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	68.472	11.444		5.983	.000
	CEO Duality	-7.151	2.966	-.256	-2.411	.018*
	CSR	-16.225	5.619	-.294	-2.887	.005*
	Earning Management	51.139	18.467	.294	2.769	.007*

a. Dependent Variable: ROE

On the table, it was obtained that X1 = 0.082, lesser than 0.05. It proved that X1 did not significantly influence Y1. Meanwhile, X2 and Z had lesser significant score than 0.05. It proved that CSR and earning management significantly influenced ROA.

To find out direct and indirect influences of X1 toward Y1 mediated by Z:

- Direct influence of CEO Duality to ROA was -0.196.
- Indirect influence of CEO Duality toward ROA through earning as -0.287 x 0.293 = -0.084.
- Total influences of CEO Duality toward ROA was a direct influence added by indirect influence. It was 0.196 + (-0.084) = -0.28. Based on the calculation, the direct influence was -0.196, lesser than direct influence (-0.084). It meant the indirect influence was greater than direct influence. It showed that indirectly, CEO Duality significantly influenced ROA through earning management. Meanwhile, the direct and indirect influences of X2 to Y1 through Z was done based on value calculation that direct influence was -0.216, lesser than direct influence 0.018. It meant the indirect

influence was greater than direct influence. It showed that indirectly CSR significantly influenced ROA through earning management.

b. X1 and X2 significantly influenced Y2 through Z on the companies. Berdasarkan data pada table output SPSS yang ditampilkan sebagai berikut:

Based on the table, the X1 significant score = 0.018, higher than 0.05. It proved that all variables (CEO Duality, CSR, and earning management) significantly influenced Y2. Based on the calculation, the direct influence was -0.256, lesser than the indirect value (-0.084). It meant the indirect influence was greater than the direct influence. The finding showed that CEO Duality indirectly influenced significantly ROE through earning management.

Meanwhile, the direct and indirect influences of X2 to Y2 through Z was:

- The direct influence of X2 to Y1 was -0.294
- The indirect influence of X2 toward Y2 through Z was 0.062 x 0.294 = 0.018.
- The total influences of X1 toward Y2 was direct influence added by indirect influence. It was 0.294 + 0.018 = -0.276.

Based on the calculation, the direct influence was -0.294, lesser than the indirect influence (0.018). It meant the indirect influence was greater than direct influence. It showed that CSR indirectly influenced significantly to ROE through earning management.

4.3 Discussion

4.3.1 CEO Duality (X1) and CSR (X2) significantly influenced earning management (Z) on food and beverage companies listed in Indonesian Stock Exchange in 2013 – 2017.

Based on the finding, it had been proven that CEO Duality negatively influenced significantly to earning management (Z). The existence of kinship between board of commissioner and board of direction created harmony of interest. The board of commissioner would also be responsible upon the company's performance so he tended to protect the company to not to be seen worst. Therefore, such leadership structure had lower earning management practices (Hashim and Devi, 2008). This finding is also in line with Hamad (2010), Gumanti and Prasetyawati (2011), and Roodposhti & Chashmi (2010) whom found negative correlation between those two variables. Meanwhile, dealing with CSR, it was proven it positively influenced earning management although it was not significant. The existence of CSR made the image of company positive so it distracted the investors' attention from earning management monitor or detection. On the companies, the increase of CSR disclosures would improve opportunity of the managing parties to practice earning management.

4.3.2 . CEO Duality (X1) and CSR (X2) significantly influenced financial performance (Y) of food & beverage companies listed in Indonesian Stock Exchange in 2013 – 2017.

Financial performance in this research used ROA and ROE. It was found that CEO Duality significantly and negatively influenced ROA and ROE. Ujunwa (2013) found duality of leadership found in chairmain of board and CEO influenced negatively to financial performance. CEO Duality could hinder board of commissioner to conduct his responsibility and carries out his task, included to assess and monitor the company's performance so the performance digressed (Coles et al, 2011). Without direction of an independent leader, it would be difficult for the board of commissioner to run its function critically. Without independent commissioner, the supervising and monitoring role would be difficult. The cause would be CEO Duality became an interest conflict in which CEO should be responsibility for the managerial strategy of the company completely and to be involved in evaluating the strategy (Finkelstein & D'Aveni, 1994). This research is in line with Peng et al (2007) and Fama and Jensen (1983) whom found negative correlation between CEO Duality and financial performance CSR in this research had different financial performance. CSR negatively and not significantly influenced to ROA but it significantly and negatively influenced ROE. It showed CSR had negative influence toward ROE. It meant better CSR would decrease ROE. Meanwhile, toward ROA, CSR did not influence significantly. The findings are in line with Wijayanti et al (2011). Sarumpaet (2005) assumed that company with responsibility behavior had competitive weaknesse because they had unnecessary costs. This cost would decrease the profit of stakeholder and fortune. It caused the profit lowered and was followed by increasing ROA insignificantly.

4.3.3 Earning Management (Z) significantly influenced financial performance (Y) on the food and beverage companies listed in Indonesian Stock Exchange.

The findings showed that earning management influenced positively and significantly to ROA and ROE. The earning management occurred when a manager used the assessment and financial statement and transaction to change the financial statement. When it was done by the manager, he could change the financial performance as he wished. Research done by Wassemullah et al (2015) also stated that earning management positively influenced performance of the company measured from ROE. In several companies. The managers seemed to be aggressive to practice earning management to improve their company's performances. The food & beverage companies in this research, any company practiced earning management would also have increasing financial performance. The investors would just consider the profit to judge fht performance of the company. Therefore, earning management was done to improve companies' financial performances.

4.3.4 CEO Duality (X1) and CSR (X2) significantly influenced financial performance (Y) through earning management (Z) on the food & beverage companies listed in Indonesian Stock Exchange

The findings showed that CEO Duality and CSR indirectly influenced significantly to ROA and ROE through earning management. The amount of indirect influence was greater than the correlation among the research variables. CEO duality motivated the chairman to conduct earning management because the chairman could use his managerial power and there was not effective control to maximize his personal profit. When the chairman could control his decision in determining the profit then his financial performance of the company would be controlled as the stakeholder wished. CEO Duality influenced positively to company. CEO tended to be more aware of what was being wanted by the stakeholders so CEO would struggle to maximize is company's performance (Davis et al, 1997). Therefore, food & beverage companies following CEO duality had better financial management when such companies conduct earning management.

The findings on CSR also proved that CSR indirectly influenced significantly to ROA and ROE thorugh earning management. The increasing CSR disclosures would improve opportunities managers to conduct earning management. Therefore, the financial performance would be controlled. CSR implementation was believed to be able in improving financial performance in which the investors tended to invest at companies which conducted CSR activities. Companies which had social awareness could use social information as one of competitive strength points of company (Zuhroh and Sukmawati, 2003). The food & beverage companies are closely related to social and environmental surrounding. Therefore, CSR disclosures were needed. CSR disclosures of the companies proved indirectly to have significant influence to financial performance through earning management.

V. CONCLUSION AND DISCUSSION

5.1 Conclusion

From the findings and discussion, it could be concluded that:

1. CEO Duality negatively and significantly influenced earning management while Corporate Social Responsibility positively influenced but the food & beverage companies listed in Indonesian Stock Echange in 2013 – 2017 although it was not significant.
2. CEO Duality negatively and significantly influenced financial performance of the food & beverage companies listed in Indonesian Stock Exchange while Corporate Social Responsibility negatively influenced ROA although it was not significant. However, it negatively and significantly influenced ROE of such companies listed in Indonesian Stock Exchange in 2013 – 2017.
3. Earning Management positively and significantly influenced financial performance of the food & beverage companies listed in Indonesian Stock Exchange in 2013 – 2017.
4. CEO Duality and Corporate Social Responsibility indirectly influenced significantly financial performance: ROA and ROE through earning management on the companies. Duality and CSR would influence significantly to financial performance when it went through earning management.

5.2 . Suggestion

1. For the companies

For the companies following CEO duality system, they should consider and understand their leadership structures to make the implemented policies guided and in line to their mission and visions. For companies which had or had not dislosed their CSRs, they should consider their policies to disclose CSR in their financial statements.

2. Investors and Stakeholders

Stakehodlers should consider the importance of management monitoring that is for companies following CEO duality systemand non-CEO duality system or for companies which had or had not disclosed CSR, which would make the management more professional in managing the companies. Investors should understand the correlation among CEO Duality, Corporate Social Responsibility (CSR) to financial performance of the companies and earning management influences. Thus, later it could be evaluated to select investment for the companies in deciding the stock.

3. Future Researcher

Future researchers are expected to add the sample and not only limited on food & beverage companies but also other industrial sectors. Many companies in Indonesia followed Duality system and if they are seen from the financial performance, they are so varied. There are ups and downs. There are also some companies disclosing their CSR completely which influence the images of the companies.

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