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The Influence of Corporate Social Responsibility Disclosure on Accounting Conservatism with State Ownership as a Moderator

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Abstract

Purpose – This study aims to examine the effect of corporate social responsibility disclosure on accounting conservatism and the effect of state ownership in moderating the relationship between corporate social responsibility disclosure and accounting conservatism.

Design/methodology/approach – This study uses state-owned enterprises and regional-owned enterprises listed on the Indonesia Stock Exchange for the period 2018-2022 as the sample. This research used moderate regression analysis to conduct data analysis.

Findings – The results show that corporate social responsibility disclosure has a positive effect on accounting conservatism. These results are in line with stakeholder theory which states that companies must pay attention to the interests of all interested parties, not just shareholders. Results also show that state ownership weakens the relationship between corporate social responsibility disclosure and accounting conservatism.

Originality/value – This study seeks to fill the gap from previous research on the effect of corporate social responsibility on accounting conservatism since prior research reported inconsistent findings. Due to the lack of evidences in regards to the role of state ownership, this study incorporates state ownership as the moderating variable. The sample was selected based on the Regulation of the Minister of State-Owned Enterprises PER-05/MBU/04/2021 concerning Social and Environmental Responsibility Programs for State-Owned Enterprises.

Research limitations/implications – This study has a limitation in the subjectivity of the measurement of CSR. This subjectivity arises when companies do not publish sustainability reports and categorize CSR activities in tables according to the GRI index, and only report CSR activities in the annual report without including a table that aligns the activities with the GRI index. This study has implications in decision making for policy makers in relation to social and environmental responsibility resulting from business activities. Companies are also required to be more transparent in disclosing company performance in maintaining stakeholder trust.

Keywords: Corporate social responsibility disclosure, accounting conservatism, state ownership, and stakeholder theory.

Article Type: Research Paper.

Introduction

In recent years, corporate social responsibility (CSR) activities have become an integral part of a business to meet the expectations of shareholders and other stakeholders. A company's involvement in CSR is a voluntary action that incorporates social and environmental issues into its operations (Burke et al., 2019). Garanina and Kim (2023) revealed that Corporate Social Responsibility (CSR) helps businesses survive to realize long-term goals, achieve better accountability, and strengthen financial performance. CSR reporting is also a way to gain legitimacy locally, as well as abroad.

Considering the impact of CSR disclosure on firms' contractual relationships with stakeholders and in the context of corporate information, attention is focused on the link between firm performance in terms of CSR disclosure and the level of accounting conservatism. Watts (2003) argues that detecting conservatism in accounting is one of the effective ways to overcome the problem of moral hazard due to information asymmetry among stakeholders. This study aims to examine the factors that influence accounting conservatism in state-owned companies in Indonesia with the independent variable being CSR disclosure. The business needs to integrate CSR with accounting conservatism is supported by the emergence of new standards on sustainability. The International Sustainability Standards Board (ISSB) developed new standards, namely IFRS S1 and S2. These standards link the role of companies in CSR programs with financial reporting principles and environmental and social issues. IFRS S1 is a global standard that covers the company's obligation to disclose information about corporate governance, methods, risk management, parameters, and achievements related to sustainability. Meanwhile, IFRS S2 is a standard that specifies specific climate-related disclosures and is designed to be used alongside IFRS S1 (International Financial Reporting Standards, 2023).

The issuance of the two standards aims to provide companies with more structured, consistent and transparent guidelines in preparing sustainability reports. IFRS S1 is designed to provide guidance on the social, environmental and corporate governance aspects of the report. On the other hand, IFRS S2 aims to disclose the financial impact of sustainability aspects, as well as provide deeper insights into the linkages between sustainability and business financial performance (International Financial Reporting Standards, 2023).

While IFRS S1 and S2 are global standards, they are not mandatory for all companies to apply. The standards are designed to ensure that companies can provide sustainability information alongside financial statements, according to their individual reporting needs. However, it is expected that many companies will adopt these standards, especially due to the shift towards better sustainability reporting. The implementation schedule for IFRS S1 and S2 will vary depending on the jurisdiction, complexity, size, and industry of the adopting company, with IFRS S1 beginning to apply to annual reporting periods beginning on or after January 1, 2024. Companies also have the option to adopt the standard earlier subject to appropriate disclosures (International Financial Reporting Standards, 2023).

IFRS S1 and S2 guide companies in preparing more structured, consistent and transparent sustainability reports, including disclosure of sustainability-related metrics and targets (International Financial Reporting Standards, 2023). This means that companies are required to disclose in detail their social, environmental and governance aspects, as well as their financial impacts. With this increased disclosure, companies will be more encouraged to pay attention to and measure their CSR impacts more accurately.

As a result, accounting conservatism in terms of anticipating financial losses and risks may undergo significant changes, as companies will be more committed to measuring, managing and mitigating negative impacts that may affect their financial performance. This creates an opportunity for companies to be more proactive in improving their CSR practices, and in turn, influences the evaluation of company performance by stakeholders. From this perspective, conservatism can be considered as an alternative governance mechanism, which serves to reduce uncertainty and information asymmetry (Ikma & Syafruddin, 2019).

From a theoretical perspective, this study is grounded in stakeholder theory, which suggests that firms engaging in high-quality CSR disclosures seek to fulfill stakeholder expectations by adopting more conservative accounting practices to enhance transparency and reduce information asymmetry Freeman (1984). This view is supported by Shen et al. (2020) by Shaw et al. (2019), who found that firms with strong CSR commitments tend to adopt conservative accounting to strengthen trust with stakeholders. However, other studies propose an alternative explanation. For instance, Burke et al. (2019) and Pan and Zhao (2022) suggest that improved CSR performance reduces opportunistic behavior, thereby lowering the need for conservative accounting. These studies align more with agency theory, which argues that CSR mitigates agency conflicts, thus reducing the necessity for conservative financial reporting.

Additionally, contextual factors play a crucial role in shaping the CSR–conservatism relationship. Pan and Zhao (2022) found that the negative interaction between CSR and conservatism is more pronounced in non-state-owned enterprises (non-SOEs), especially those with weaker corporate governance. In contrast, Shen et al. (2020) highlight that in environments with high stakeholder pressure, firms are more likely to adopt conservative reporting to signal financial credibility.

Given the conflicting findings, this study introduces state ownership as a moderating factor. State-owned enterprises (SOEs) operate under unique governance structures and regulatory obligations, which may strengthen or weaken the CSR–conservatism relationship. By focusing on both SOEs and non-SOEs, this study aims to reconcile the differences in prior research and provide a clearer understanding of how ownership structure influences accounting conservatism.

The objective of this paper is to examine the influence of CSR disclosure on accounting conservatism, considering state ownership as a moderating factor. Prior studies have explored the relationship between CSR and accounting conservatism, but limited research has focused on contexts with high government ownership. This study contributes to the literature by addressing this gap, providing insights into how government ownership influences financial reporting behavior.

Furthermore, this study extends prior research by introducing state ownership as a moderating variable to strengthen the impact of CSR disclosure on accounting conservatism. Angela et al. (2019) stated that ownership structures that exceed 50 percent have the potential to improve company performance, because ownership and control rights can be clearly defined. In this context, the state or government initiates regulations that require companies to implement their social programs.

Social responsibility programs have been required by the Indonesian government through Regulation of the Minister of State-Owned Enterprises PER-05/MBU/04/2021 regarding the Social and Environmental Responsibility Program of State-Owned Enterprises. Businesses are targeted to demonstrate the importance of social responsibility and renew their organizational values that previously focused only on meeting the needs of stockholders. In the face of the pressure, companies utilize CSR activities to improve communication with government agencies to gain legitimacy benefits. In this context, corporate legitimacy is very important because the government controls resources that are crucial for the sustainability of SOEs (Ikma & Syafruddin, 2019).

The portion of ownership in a company or institution controlled by the government is known as a State-Owned Enterprise (SOE). State-owned companies play a crucial role in supporting the country's economy, by providing employment and convenience to the community. The main objectives of the government as a shareholder are often closely related to political and social interests, which are generally different from the objectives of private or privately owned companies, which are to achieve large profits and increase the value of shares in the market (Angela et al., 2019).

Literature Review

Stakeholder theory

According to Freeman (1984), stakeholder theory is a theory that describes the interaction of individuals or groups that are affected by the activities of a business entity or can influence the activities of the business entity. There are two models in stakeholder theory, namely the policy model and business planning efforts and the CSR model of stakeholder management. Freeman (1984) also describes stakeholder theory as a theory that states and defines to which parties a business entity will be responsible.

Donaldson and Preston (1995) categorize stakeholder theory into three perspectives based on the extent to which business entities meet the needs of stakeholders, namely normative, instrumental, and descriptive. The normative perspective suggests that business entities should meet the needs of all stakeholder groups fairly, not just consumers or shareholders, and design comprehensive and multi-faceted CSR programs. The instrumental perspective argues that businesses should focus more on improving financial performance as economic success is the main goal of the company. Therefore, businesses emphasize the implementation of CSR programs that can directly improve economic performance, even though this may be at the expense of other stakeholders' interests. The descriptive perspective states that organizational behavior can be predicted through the profile of shareholders, their values and the company's situation.

According to Guo et al. (2020), states that stakeholder theory tends to use overall corporate strategy as a prerequisite or mechanism to benefit their stakeholders. For example, Titman (1984) in Guo et al. (2020), argues that companies with unique assets or products tend to overcome concerns over liquidation costs imposed on their customers and suppliers by maintaining a lower debt ratio. This theoretical argument suggests that the level of conservatism in financial reporting should increase with a firm's efforts to improve its interactions with stakeholders, as conservative reporting provides risk protection to stakeholders by reporting a verifiable lower bound on the firm's financial condition.

The effect of corporate social responsibility disclosure on accounting conservatism

Stakeholder theory suggests that companies must balance economic goals with social and ethical responsibilities to meet the expectations of various stakeholders (Freeman, 1984). In this framework, CSR disclosure represents a commitment to transparency and ethical business practices aimed at improving reputation and managing stakeholder relations (Ikma & Syafruddin, 2019). Accounting conservatism refers to a cautious financial reporting approach where losses are recognized sooner than gains to protect stakeholders and reduce risk.

Research by Ikma and Syafruddin (2019), Shaw et al. (2019), and Garanina and Kim (2023) supports that CSR disclosure has a positive effect on accounting conservatism. By reviewing that CSR disclosure affects accounting conservatism and the support of previous research, the first hypothesis can be formulated as follows:

H_1: Corporate Social Responsibility disclosure has a positive effect on accounting conservatism.

State ownership as a moderating variable between corporate social responsibility disclosure and accounting conservatism

Under state ownership, SOE management actively collaborates with the government's economic policies. SOEs aim to support national policies and adhere to stricter standards than non-SOE enterprises. As a pillar of corporate culture in the country, SOEs are targeted to be pioneers in CSR reporting. SOE management tends to cooperate with the government's economic policies and actively contribute to social responsibility activities to strengthen their credibility. Since the state has control over vital assets for SOEs, management must strategically pay attention to the needs of the government to achieve SOE sustainability. In this perspective, SOEs focus more on sustainable interaction with the state rather than seeking short-term returns (Ikma & Syafruddin, 2019). Based on this formulation, the researcher formulates the second hypothesis of this study:

H_2: State ownership strengthens the influence between corporate social responsibility disclosure and accounting conservatism.

Methods

Data

This research uses quantitative data. The quantitative data applied in this study is generated from the annual reports of all state-owned enterprises and regional-owned enterprises registered on the Indonesia Stock exchange (IDX) for the 2018-2022 period. The data source applied in this research is secondary data. Secondary data is the result of further processing of primary data accumulated by primary data collection entities or other parties. Primary data generally appears in the form of tables or diagrams, and after processing, this secondary data is utilized by researchers for further analysis (Abdullah, 2015). In this study, the secondary data used were obtained from the company's annual report accessed through the IDX website (www.idx.co.id) and the website of each company studied.

Population and sample

The population in this research is all state-owned enterprises and regional-owned enterprises registered on the IDX for the 2018-2022 period. The use of the period 2018 to 2022 is based on the issuance of the Regulation of the Minister of State-Owned Enterprises PER-05/MBU/04/2021 concerning State-Owned Enterprises Social and Environmental Responsibility Programs. Table 1 presents the sample in this research.

Table 1. Sample Selection Process

Criteria	Total
Population of state-owned enterprises and regional-owned enterprises Registered on IDX for the 2018-2022 period	**33**
Total companies that do not publish complete financial reports for 2018-2022	(0)
Total companies that do not publish CSR reports either in the annual report or in the sustainability report	(0)
Total companies that do not publish financial reports with rupiah as the official currency of Indonesia	(4)
Total companies that are suspended or delisted in the 2018-2022 period	(6)
Companies that meet the sample criteria	**23**
Research period	**5**
Total research sample	**115**
Invalid data	**(7)**
Total	**108**

Source: Primary data processed in 2024

Operational Definition and Variable Measurement

Conservatism is one of the principles applied in accounting. According to Financial Accounting Standards Board (FASB) No. 2, conservatism is a cautious approach to uncertainty to ensure that the uncertainties and risks present in a business situation are properly considered. The concept of the principle of accounting conservatism is to slow down or delay the recognition of revenue that may occur, while accelerating the recognition of expenses that may occur. Meanwhile, assets are valued at the lowest value in asset and debt valuation, and conversely, debt is valued at the highest value (Achyani et al., 2021).

According to ISO 26000, Corporate Social Responsibility (CSR) is the responsibility of an organization for the impact of its decisions and activities on society, manifested through transparent and ethical behavior. This behavior must be compatible with sustainable development and the prosperity of society. A company's CSR orientation is in line with management's desire to contribute to activities that benefit stakeholder groups, not just capital providers, who clearly benefit from conservative accounting reporting. Thus, the business entity is expected to be more determined to uphold ethics, and be responsible to all its stakeholders (Anagnostopoulou et al., 2021).

Government ownership is the number of shares controlled by the government as a representation of the state in a business entity. The government, which has a large portion of ownership, has a large role in the operational activities of state-owned enterprises and is responsible for managing and regulating the company to obtain profits for the achievement of public welfare (Angela et al., 2019). Table 2 summarizes the variables measurements.

Table 2. Definition and Measurement of Variables

Variable	Measurement
Dependent Variable	
Conservatism	$TACC_{it}=\beta_0+\beta_1 DCFO_{it}+\beta_2 CFO_{it}+\beta_3 CFO_{it}*DCFO_{it}+\varepsilon_{it}$ Descriptions: a. TACCit: Total accruals standardized to total total assets for year (t-1) estimated from the results management measurement model b. DCFOit: Binary variable equal to 1 if operating cash flow is negative, and 0 otherwise. The integration of this variable is used to separate good news from bad news. c. CFOit: Cash flow from operating activities standardized by total assets for the relevant year (t-1)
Independent Variable	
Corporate Social Responsibility Disclosure	Global Reporting Initiative (GRI) Sustainability Reporting Standard 2022 (SRS2022) as a measurement mechanism to calculate the level of social disclosure made by sample companies. The SRS2022 index consists of 17 items from the economic category, 36 items from the environmental category, and 36 items from the social category. To determine the CSR disclosure level of each sample company, a score of 1 is assigned to each item that is disclosed, based on the 36 items in the social category of the SRS2022 index (Handayati et al., 2022). The total score is then calculated by summing the disclosed items for each company.
Moderating Variable	
State Ownership	$\text{SOE share}=\frac{\text{State Ownership}}{\text{Total Ownership}}\times 100\%$ Description: a. State ownership: percentage of shareholding by the government in a company b. Total ownership: total company shares
Control Variable	
Cash Flow from Operating Activites (CFO)	$\text{CFO}=\frac{\text{Cash Flow from Operating Activites}}{\text{Total Assets}}$ Description: a. Cash Flow from Operating Activities: net cash flow generated from operating activities b. Total assets: total assets owned by the company
Age	Age of a company since initial public offering
Return on Asset (ROA)	$\text{ROA}=\frac{\text{Net Profit}}{\text{Total Assets}}$ Description: a. Profitability ratio as measured by dividing net income by total assets.

Source: Primary data processed in 2024

Data Analysis

In this study, multiple regression analysis is applied to test the effect of CSR disclosure variables on accounting conservatism. To test the effect of moderating variables, the interaction test, namely moderated regression analysis (MRA), is applied. The multiple regression equation and moderated regression analysis were tested using SmartPLS 3.0 software, formulated as follows:

$$CONSERV_{it}=\beta_0+\beta_1 CSRdisc_{it}+\beta_2 CFOA_{it}+\beta_3 AGE_{it}+\beta_4 ROA_{it}+\varepsilon_{it}$$

$$CONSERV_{it}=\beta_0+\beta_1 CSRdisc_{it}+\beta_2 SOEshare_{it}+\beta_3 CSRdisc_{it}\times SOEshare_{it}+\beta_4 CFOA_{it}+\beta_5 AGE_{it}+\beta_6 ROA_{it}+\varepsilon_{it}$$

Descriptions:
CONSERV = Accounting Conservatism (Y)
β = First Regression Coefficient
CSRdisc = CSR Disclosure (X)
SOEshare = State Ownership (Z)
CFOA = Ratio of cash flow from operating activities to total assets
AGE = Company Age
ROA = Profitability ratio of net income to total assets
CSRdisc * SOEshare = Interaction between CSR Disclosure and State Ownership

Results

Descriptive Statistic

A total of 23 companies were studied within a period of 5 years, from 2018 to 2022. The final data were 108 observations. The descriptive statistics are presented in Table 3.

Table 3. Descriptive Statistic

Variable	N	Mean	Min	Max	Std. Deviation
CSRdisc	108	0.416	0.028	1.000	0.195
SOEshare	108	0.598	0.388	0.900	0.127
Conserv	108	0.585	0.240	0.992	0.263
CFO	108	0.065	-0.164	0.449	0.105
AGE	108	15.028	1.000	31.000	7.246
ROA	108	0.031	-0.181	0.282	0.052

Source: Primary data processed in 2024

Based on Table 3, it can be concluded that the standard deviation of the data shows normal results and does not cause bias, this is because the standard deviation for each research variable is smaller than the mean value of each research variable.

Data Causality Test

The data causality test conducted in this study consists of the coefficient of determination and multicollinearity tests. Both tests were carried out on two regression models, namely multiple linear regression tests and moderated regression analysis. Table 4 presents the test results.

Based on the results of the data causality test that has been carried out, it can be concluded as follows:

1. In model 1, the R-Square value is 0.07, which means that Corporate Social Responsibility (CSR) disclosure is able to explain 7% of the accounting conservatism variable. Furthermore, the VIF value of 1.149 is declared free from multicollinearity because the VIF value is less than 10.
2. In model 2, the R-Square value is 13.9 which means that the interaction of CSR disclosure and SOEshare can explain 13.9% of accounting conservatism. Furthermore, the VIF value of 1.037 is declared free from multicollinearity because the VIF value is less than 10.

Table 4. Data Causality Test

Regression	Variable	VIF	R Square
Model 1	CSRdisc	1.149	0.07
	CFO	2.125	
	AGE	1.105	
	ROA	2.192	
Model 2	CSRdisc	1.268	13.9
	SOEshare	1.149	
	CSRdisc x SOEshare	1.037	
	CFO	2.185	
	AGE	1.121	
	ROA	2.199	

Source: Primary data processed in 2024

Hypotheses Test

This study has two hypotheses tested by multiple linear regression test models and moderated regression analysis. Table 5 presents the results of the regression tests.

Table 5. Results of Hypotheses Test

Regression	Variable	Coefficient	t-value	p-value
Model 1	CSR	0.235	1.451	0.15
	CFO	0.06	0.611	0.542
	AGE	-0.29	2.152	0.034
	ROA	0.202	1.549	0.124
Model 2	CFO	0.079	0.867	0.388
	AGE	-0.267	2.208	0.029
	ROA	-0.328	3.242	0.002
	CSR x SOE *Share*	0.353	3.119	0.002
	CSR	-0.147	1.541	0.126
	SOE *share*	0.235	1.451	0.15

Source: Primary data processed in 2024

Table 5 shows that the variable disclosure of corporate social responsibility has a positive effect on accounting conservatism. This can be seen from the p-value is 0.009. This result is positive because the p-value is 0.009 <0.05 and the beta coefficient value is 0.28. The positive coefficient value indicates a positive influence on accounting conservatism. Based on these results, the results of this test support the first hypothesis. Then the interaction of SOEshare and CSR disclosure on accounting conservatism obtained a beta coefficient value of -0.328, and a P-Value of 0.002. Because the P-value <0.05 and the coefficient value is negative, this indicates that state ownership significantly weakens the relationship between CSR disclosure and accounting conservatism. Based on these results, the results of this test do not support the second hypothesis.

Discussion

The effect of corporate social responsibility disclosure on accounting conservatism

The Corporate Social Responsibility (CSR) Disclosure variable has a p-value of 0.008 on accounting conservatism, so it can be concluded that Corporate Social Responsibility (CSR) Disclosure has a significant effect on accounting conservatism. This is in line with the research of Garanina & Kim (2023), Guo et al., (2020), and Ikma & Syafruddin (2019) which state that CSR disclosure has a positive effect on accounting conservatism. However, this contradicts the research results of Pan & Zhao (2022) which show that Corporate Social Responsibility (CSR) disclosure has a negative effect on accounting conservatism.

This result is in line with stakeholder theory which states that companies must pay attention to the interests of all interested parties, not just shareholders. In an effort to meet the expectations of these stakeholders, business entities will allocate their resources to social responsibility (CSR) activities. Involvement in CSR is important because it can help companies gain support from stakeholders and avoid a negative image in the eyes of the public. Furthermore, companies that are active in CSR tend to be more conservative in their financial reporting (Garanina & Kim, 2023). Accounting conservatism is an approach that is cautious in recording profits and quicker in recognizing losses, which helps maintain transparency and trust from stakeholders. Thus, the greater the social responsibility undertaken by companies, the higher the likelihood that they apply accounting conservatism to protect reputation and ensure support from stakeholders (Ikma & Syafruddin, 2019).

Thus, Corporate Social Responsibility (CSR) disclosure has a positive influence on accounting conservatism because companies that transparently report their CSR activities tend to be more conservative in their accounting practices. This occurs because increased transparency and responsibility through CSR disclosure encourages companies to be more cautious in recognizing revenue and costs, and more likely to make reserves for potential losses. Research by Shen et al., (2020) and Shaw et al., (2019) shows that companies that increase CSR disclosure also show an increase in accounting conservatism, arguing that such companies are more likely to face pressure from stakeholders to provide accurate and reliable financial reporting. This is reflected in more cautious accounting practices, such as more conservative revenue recognition and provisioning for larger potential losses. Thus, CSR disclosure not only increases stakeholder trust, but also strengthens the integrity and rigor of the company's financial statements (Ikma & Syafruddin, 2019).

State ownership as a moderating variable between corporate social responsibility disclosure and accounting conservatism

The state ownership variable that moderates the interaction of Corporate Social Responsibility (CSR) disclosure on accounting conservatism has a P Value of 0.003 with a negative coefficient value of -0.328. Empirical results do not support the statement that state ownership strengthens the interaction of CSR disclosure on accounting conservatism, so Ha2 is rejected.

These results suggest that state-owned companies adopt and disclose information about CSR activities to maintain long-term interactions with the government rather than to meet stakeholder needs for more conservative reporting. This is consistent with agency theory, which suggests that management appointed by the government to engage in CSR activities may not only act for political gain, but also for personal gain, such as to obtain rewards that can support their careers in SOEs or other personal benefits. This could potentially compromise economic objectives (Ikma & Syafruddin, 2019).

Thus, state ownership weakens the influence of CSR disclosure on accounting conservatism because state-owned enterprises face different pressures compared to private enterprises. In state-owned enterprises, CSR disclosure is influenced more by political agendas or public interests than by efforts to improve accounting conservatism. As a result, SOEs are less motivated to improve earnings quality, which reduces the effect of CSR disclosure in improving earnings conservatism. That is, although SOEs implement CSR in accordance with government policies, they only do this to maintain their reputation and political legitimacy. From the viewpoint of agency theory and managerial interests, CSR implementation may be used by management as a tool for personal interests, such as creating a positive image and hiding unethical actions. Therefore, managers in SOEs may be more motivated to report earnings that do not fully reflect actual economic conditions (Cheng & Kung, 2016).

Conclusion

This study aims to examine the effect of Corporate Social Responsibility (CSR) disclosure on accounting conservatism and the role of state ownership in moderating the relationship between CSR disclosure and accounting conservatism. The research was conducted on state-owned enterprises (BUMN) and regional-owned enterprises (BUMD) listed on the Indonesia Stock Exchange during the period 2018–2022.

The findings reveal that CSR disclosure has a positive impact on accounting conservatism. These results support previous studies by Garanina & Kim (2023) and Ikma & Syafruddin (2019). Theoretically, the study aligns with stakeholder theory, which posits that companies invest resources to meet stakeholders' expectations to gain their support or avoid unwanted attention from external interest groups. Practically, the higher the social responsibility a company undertakes and reports, the greater the stakeholder trust, leading to an increased application of accounting conservatism in the company's financial reports.

Further results indicate that state ownership does not strengthen the relationship between CSR disclosure and accounting conservatism but rather weakens it. Theoretically, in the context of state-owned enterprises, social and political pressures from the government, as the main stakeholder, reduce the incentive to apply conservative practices in financial reporting, despite high CSR disclosure. This is because the government's greater focus on economic and social stability diminishes the urgency for more conservative financial reporting practices. Practically, the government should consider developing more specific regulations regarding prudence in financial reporting by BUMN and BUMD. Such regulations should aim to enhance transparency and encourage more conservative reporting practices, ensuring that BUMN and BUMD not only meet government expectations but also consider the interests of other stakeholders.

In conclusion, the relationship between CSR disclosure, state ownership, and accounting conservatism is not always consistent. While some argue that high CSR disclosure may not affect accounting conservatism and that state ownership does not influence the relationship between CSR disclosure and conservatism, the findings of this study suggest that these factors can interact in complex and contextual ways. In some cases, companies with higher CSR disclosure may exhibit lower levels of conservatism, particularly when state ownership is not significant. However, under different conditions, state ownership might either strengthen or weaken the impact of CSR on accounting conservatism. Therefore, further research is needed to deeply understand this dynamic and to identify additional variables that could influence this relationship.

This study has several limitations, including a low adjusted R-sfquare value of 0.139. This indicates that the ability of CSR disclosure, state ownership, and their interaction to explain accounting conservatism is only 13.9%, while the remaining 86.1% is explained by other factors outside the independent variables. Additionally, there is an element of subjectivity in the measurement of Corporate Social Responsibility. This subjectivity arises when companies do not publish sustainability reports and categorize CSR activities in tables according to the GRI index, and only report CSR activities in the annual report without including a table that aligns the activities with the GRI index.

Based on the limitations of the study, suggestions that can be given for further research are as follows. Further research is recommended to be able to increase the sample of companies. Then further research is expected to add other independent variables that can affect accounting conservatism. Future research also needs to keep up with developments and update the items that can be used in assessing Corporate Social Responsibility disclosures. And finally, further research is recommended to be able to increase the financial reporting period to be a sample of companies to be studied.

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