

ABSTRACT

This study aims to examine the effect of Corporate Social Responsibility (CSR) on financial statement fraud, with effective monitoring as a moderating variable. CSR is expected to serve as a mechanism to reduce the risk of financial statement fraud through increased transparency and accountability. However, CSR also has the potential to be misused as a public relations tool to conceal fraudulent financial reporting. Effective monitoring through the oversight of the board of commissioners is considered capable of moderating this relationship to prevent the misuse of CSR.

The population used in this study comprises mining industry companies listed on the Indonesia Stock Exchange from 2019 to 2023. The sampling technique employed was purposive sampling, resulting in 180 units of analysis. The study utilized secondary data, namely annual reports and sustainability reports obtained from each company's official website. Data were analyzed using panel data regression and moderated regression analysis, with the Common Effect Model (CEM) selected as the best-fitting model, processed using EViews 13 software.

The results show that corporate social responsibility has a positive effect on financial statement fraud. Effective monitoring, as measured by board independence, strengthens the relationship between corporate social responsibility and financial statement fraud. However, effective monitoring measured by board size, board meetings, and female commissioners does not moderate the relationship between corporate social responsibility and financial statement fraud.

This study is limited in scope, focusing solely on the mining industry, which restricts the generalizability of the findings to other industries with different characteristics and regulatory environments. CSR measurement based on the GRI Standards using content analysis is subjective and results in a low coefficient of determination, indicating limited ability to explain financial statement fraud. Future research is recommended to expand the scope to other industries and incorporate additional variables such as internal control and board expertise to enhance model accuracy and enrich the analysis.

Keywords: *Financial Statement Fraud, Corporate Social Responsibility, Effective Monitoring*