

## **ABSTRACT**

*This study examines the effect of profitability and Corporate Social Responsibility (CSR) on earnings management, with institutional ownership serving as a moderating variable. Earnings management remains a critical issue in the financial reporting of publicly listed companies in Indonesia, as it may impair the quality of accounting information and distort stakeholders' decision-making processes. This study adopts a quantitative research design using secondary data derived from annual financial statements, annual reports, and sustainability reports of transportation sector companies listed on the Indonesia Stock Exchange (IDX) over the period 2019–2024. The sample is selected using a purposive sampling technique. Earnings management is proxied by discretionary accruals estimated using the Modified Jones Model. Profitability is measured using profitability ratios, CSR is measured using the GRI G4 disclosure index, and institutional ownership is measured by the proportion of shares held by institutional investors. Data are analyzed using Moderated Regression Analysis (MRA). The empirical results indicate that profitability has a positive effect on earnings management, while CSR also significantly affects earnings management. Furthermore, institutional ownership moderates the relationship between profitability and earnings management but does not moderate the relationship between CSR and earnings management. These findings suggest that institutional ownership functions as an effective monitoring mechanism in mitigating managerial opportunistic behavior related to financial performance; however, it has not been effective in constraining the use of CSR as a legitimacy-seeking instrument. This study is expected to contribute to the agency theory-based accounting literature and to provide practical implications for corporate management, investors, and capital market regulators.*

**Keywords:** *Earnings Management, Profitability, Corporate Social Responsibility, Institutional Ownership.*

