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The Influence of Corporate Social Responsibility, Chief Executive Officer Narcissism on Financial Performance with Earnings Management as a Mediator

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Abstract
This study investigates the effect of Corporate Social Responsibility (CSR) and Chief Executive Officer (CEO) narcissism on corporate financial performance, with earnings management serving as a mediating variable. The objectives are to analyze the direct effects of CSR and CEO narcissism on financial performance, measured by Return on Assets (ROA), examine their influence on earnings management practices, and test the mediating role of earnings management in these relationships. The research focuses on energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period, using data obtained from annual reports. Path analysis is employed to assess both the direct and indirect relationships among variables. Using a quantitative approach with path analysis, this study investigates 25 energy sector companies listed on the Indonesia Stock Exchange (IDX) during 2022–2024, resulting in 75 observations through purposive sampling. The findings reveal that CSR has a significant positive influence on earnings management and directly contributes to improved financial performance, as measured by Return on Assets (ROA). CEO narcissism, while negatively associated with earnings management, demonstrates a significant positive impact on ROA. Additionally, earnings management plays a significant mediating role in the relationship between both CSR and ROA, as well as CEO narcissism and ROA. These results highlight the strategic role of CSR and the psychological *traits* of top executives in shaping financial outcomes. The study underscores the importance for stakeholders to consider managerial personality and social responsibility initiatives when evaluating a company’s financial health and governance practices.
Keywords: Corporate Social Responsibility, CEO narcissism, earnings management, financial performance, ROA.

INTRODUCTION

In assessing the success of a business strategy, the effectiveness of resource management, and management accountability, financial performance is often used as a key indicator (Buchholz, Lopatta, & Maas, 2020). Companies with good financial performance have higher attractiveness in the eyes of investors, easier access to capital, and wider expansion opportunities (Domanović, 2021). In the energy sector, ROAs often fluctuate due to commodity price volatility, high operating costs, regulatory pressures, and sustainability demands. Based on the data that has been processed, the author shows that the average ROA is 8% in 2022, decreases to 4% in 2023, then reaches a low point of 3% in 2024. This shows that ROA in the energy sector is not only dependent on the company's internal capabilities, but also greatly influenced by external factors and management strategies in maintaining performance amid industry dynamics (Keter, Cheboi, & Kosgei, 2024; Kusuma & Indrati, 2023). Financial performance reflects the company's ability to generate net profit from total assets (Fionita et al., 2022). Superior performance provides opportunities to expand market share, improve reputation, and strengthen relationships with stakeholders (Rahim et al., 2024). On the other hand, low performance risks slowing growth, causing losses, and damaging the company's image in the eyes of the public (Pertiwi, Putri, & Dewi, 2024).

The research problem stems from the complex and often contradictory relationships between corporate social responsibility initiatives, executive psychological characteristics, and financial performance outcomes. While CSR is generally viewed as beneficial for long-term sustainability and stakeholder relations, its immediate impact on financial performance remains debated, particularly in emerging markets where institutional frameworks and investor priorities may differ from developed economies (Gonçalves Cruz, Takamatsu, & Alves Cordeiro, 2024). Additionally, the role of CEO personality traits, specifically narcissism, in corporate decision-making and performance outcomes has received limited attention in the Indonesian context. The urgency of this research is heightened by the increasing pressure on energy sector companies to balance profitability with environmental and social responsibilities while operating under scrutiny from various stakeholders including investors, regulators, and civil society (Kludacz-Alessandri & Cygańska, 2021). Understanding how CEO narcissism influences both CSR implementation and earnings management practices is crucial for developing effective governance mechanisms and ensuring sustainable corporate performance (Awadzie, Garr, Attah-Botchwey, Sarpong, & Marfo, 2023).

Corporate Social Responsibility is seen as a strategy that integrates the company's efforts to generate profits while having a positive impact on society and the environment (Amadi et al., 2023). Corporate Social Responsibility is essential for companies, especially in the energy sector that faces great pressures related to environmental issues, to strengthen their reputations, attract investors, and foster good relationships with the community (Ngo & Le, 2023). In practice, companies that have a high level of involvement in Corporate Social Responsibility are likely to indicate better financial performance in the long run (Tetteh et al., 2024).

Another important factor influencing financial performance is top leadership characteristics, especially CEO narcissism (Firmansyah, Kurniawati, Miftah, & Winarto, 2023). CEOs with a narcissistic character tend to pursue external recognition, show domineering control, and have a strong desire to appear superior in the public eye (Sari et al., 2022). CEO narcissistic traits tend to pursue self-interest and external recognition, thus encouraging aggressive and not always rational strategic decision-making, such as profit management practices or high-risk investments, to create an image of excessive success in financial performance (Oktari & Dianawati, 2023).

CEOs who have a narcissistic nature tend to maintain the company's image through profit management practices, deliberately altering the numbers in the financial statements to achieve certain goals (Sari et al., 2022). Manipulations like these directly affect the accuracy of performance indicators such as Return on Assets (ROA), so profit reports are less reflective of the company's actual performance (Makki & Alqahtani, 2023). A company that looks healthy in terms of profit but turns out to be doing earnings management will mislead investor decision-making and internal management (Sari et al., 2022). In this context, profit management not only serves as a tool of manipulation but can also be a bridge or intermediary channel that connects the influences of Corporate Social Responsibility as well as leadership characteristics such as CEO narcissism on the achievement of financial performance as seen in the report (Comporek, 2024).

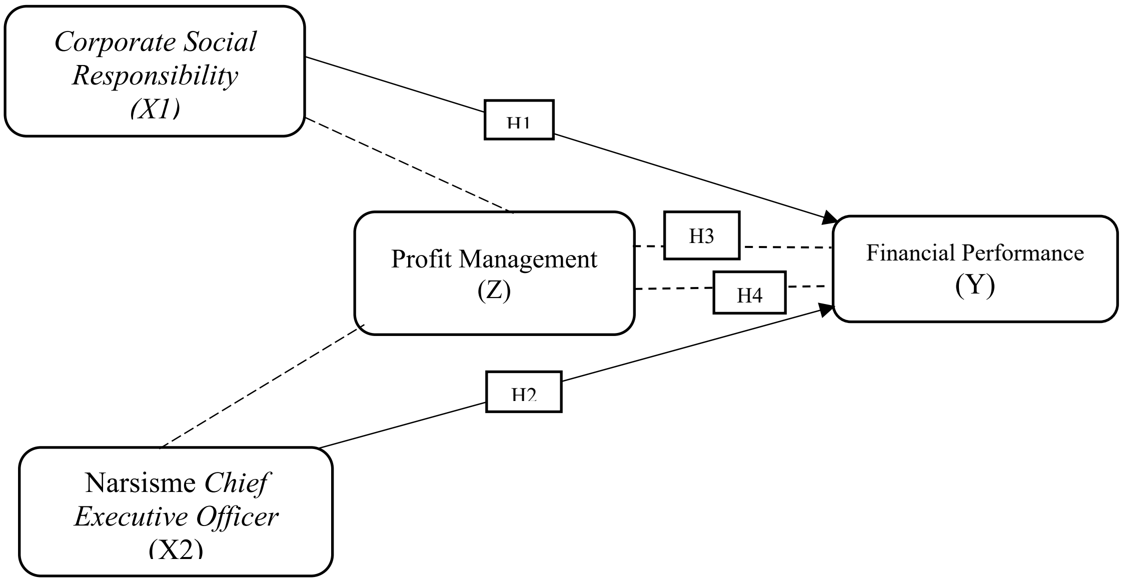
Previous research has shown mixed and inconsistent findings regarding these relationships. Research conducted by Lindawati (2024) found that Corporate Social Responsibility has a positive effect on financial performance. Instead, Sari et al. (2022) state that CEO narcissism actually contributes positively to profit management practices and increases the company's value. Research by Comporek (2024) supports this by showing that discretionary accruals in profit management have a direct effect on profitability ratios such as ROA. Research conducted by Islamic (2022) shows that profit management serves as an important mediating factor in explaining the relationship between financial performance and corporate social responsibility. However, research by Tetteh et al. (2024) warns that Corporate Social Responsibility can have a negative impact. Meanwhile, research by Amadi et al. (2023) emphasizes that the implementation of Corporate Social Responsibility improves financial performance. On the other hand, Bernerth (2022) highlights the effects of CEO narcissism on the leadership style and ethics of the organization. The findings suggest that the relationship between Corporate Social Responsibility and CEO narcissism on financial performance still leaves room for further exploration, especially considering profit management as a mediating variable in the research model.

Research gaps exist in several key areas: first, limited sector-specific analysis, particularly in emerging markets' energy sectors where environmental pressures and stakeholder expectations are intensifying; second, insufficient understanding of how CEO narcissism specifically influences CSR implementation and earnings management in the Indonesian context; third, lack of comprehensive examination of the mediating role of earnings management in the relationships between CSR, CEO narcissism, and financial performance; and fourth, limited longitudinal analysis of these relationships during periods of significant industry transformation.

The novelty of this research lies in its integrated approach to examining the interplay between psychological, social, and financial factors in corporate performance. This study contributes by providing the first comprehensive analysis of CEO narcissism's role in CSR implementation and earnings management within Indonesia's energy sector, utilizing a robust methodological framework that combines multiple theoretical perspectives including agency theory and upper echelons theory. Additionally, the research offers unique insights into how managerial psychological characteristics can be channeled constructively through appropriate governance mechanisms.

This study refers to previous *studies* Lindawati et al. (2024) that analyze the influence of Corporate Social Responsibility and characteristics of CEO narcissism on financial performance with profit management as a mediating variable. In this study, these variables were reviewed in energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period. The results of this research are expected to make a strategic contribution to company management in formulating appropriate social policies and aligning leadership with accountability principles while enriching the accounting literature in the context of sustainability pressures in the energy sector.

RESEARCH METHOD



Picture 1. Research Model

Source: Data processed by SPSS Author, 2025

This study used a quantitative method to investigate the influence of Corporate Social Responsibility (CSR) and Narcissism of the Chief Executive Officer (CEO) on Financial Performance, with Profit Management as a mediating variable, focusing on energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. This study requires objective measurement of variables, where the independent variable Corporate Social Responsibility (CSR) is measured based on the level of disclosure of corporate social responsibility activities in an annual report or sustainability report using a disclosure index based on GRI standards or similar guidelines (Elwisam et al., 2024). Narcissism of the Chief Executive Officer (CEO) is measured through an indirect proxy based on visualization of the CEO in the annual report (Lindawati et al., 2024; Oktari & Dianawati, 2023). The Profit Management mediating variable is proxied with Discretionary Accruals (DA), which measures the share of total accruals that management can control or manipulate and is generally measured using the Modified Jones Model (Sari et al., 2022). The dependent variable Financial Performance refers to the company's ability to generate profits from its operations (Rahim et al., 2024), which in this study is proxied with Return on Assets (ROA), measuring the efficiency of a company in generating net profit from its total assets (Rahim et al., 2024).

The population in this study uses secondary data in the form of financial statements of companies in the coal mining sector listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. Sampling was carried out by purposive sampling with the aim of obtaining samples that meet the criteria of companies that issue annual reports for the 2020–2024 period. There are 25 companies that meet the criteria, so the number of samples in this study is 75 company financial statement data points. This research technique uses multiple linear regression analysis with classical assumption testing, consisting of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test, to ensure the data meets the criteria for regression analysis. Hypothesis testing utilizes the t-test and the F-test to evaluate the significance of the influence of independent variables on the dependent variable, as well as the coefficient of determination (Adjusted R^2) to measure the extent to which variations in the dependent variable can be explained by the independent variables in the model. The following is the multiple linear regression model used in this study:

$$\boxed{ROA = \alpha + \beta 1CSR + \beta 2NarsismeCEO + \beta 3ManajemenLaba + e}$$

Picture 2 ***Multiple Linear Regression Model***

Information:

A	: Constanta
LENGTH	: Financial Performance (*Return on Assets*)
CSR	: *Corporate Social Responsibility*
NarsismCEO	: Narsism *Chief Executive Officer*
Profit Management Profit	: Profit Management (measured by Discretionary Accrual)
b1,b2,b3	: Regression coefficient
ε	: Error term

RESULTS AND DISCUSSION

Descriptive Test

Descriptive statistical test analysis is used as a brief review of the research data, by presenting the minimum, maximum, mean, and standard deviation values of each variable. The variables used include *Corporate Social Responsibility* (CSR), Chief *Executive Officer (CEO) Narcissism,* Profit Management, and Financial Performance (ROA). Through the purposive sampling technique, as many as 75 observation data were successfully collected from energy sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020 to 2024.

Table 1 Descriptive Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Hours of deviation
LENGTH	75	1.17	31.68	13.53	6.15
CSR	75	0.11	0.99	0.59	0.24
Narsism CEO	75	1.00	6.00	4.08	1.39
Profit Management	75	-0.08	-0.01	-0.04	0.01

Source: Author's processed SPSS output, 2025

The test results state that the minimum value of the variable Return on Assets (ROA) of 1.17, namely at PT BUMA Internasional Grup Tbk in 2024, and a maximum value of 31.68, at PT Bayan Resources Tbk in 2022. Average score (mean) the variable ROA was 13.53, with a standard deviation of 6.15. It can be stated that the average value of ROA studied in this study indicates good financial performance, because according to the study (Lestari & Sihono, 2023) ROA values above 5% are categorized as healthy conditions and reflect the company's efficiency in generating profits from the total assets owned. So, companies in this sample are generally considered to be able to manage their assets optimally to generate profits.

Then the variable Corporate Social Responsibility (CSR) obtained the test result, namely the minimum value of the variable Corporate Social Responsibility (CSR) of 0.11, namely at PT. Adaro Minerals Indonesia Tbk in 2022 and the maximum value of 0.99, namely at PT. TBS Energi Utama Tbk in 2024. Average score (mean) of 0.59 (59%) with a standard deviation of 0.24. With an average CSR disclosure rate of 59%, it can be concluded that most of the companies in the sample have done quite well in their social responsibility disclosures. According to (Elwisam et al., 2024)level Corporate Social Responsibility (CSR) above 50% shows the company's commitment to sustainability and transparency. Thus, the value of Corporate Social Responsibility (CSR) in this study reflects the high level of compliance with reporting standards such as GRI.

Next variable Narcissism Chief Executive Officer Minimum value of the Narcissism variable Chief Executive Officer is 1, namely at PT. Elnusa Tbk in 2022, and the maximum value is 6, namely at PT. Darma Henwa Tbk in 2022. The average score was 4.08, with a standard deviation of 1.39. This score is obtained from the frequency of visualization Chief Executive Officer in the annual report, such as the number of photos, mention of names, and remarks. In addition, the score also takes into account the existence of Chief Executive Officer on professional social media such as LinkedIn, Instagram, Facebook, and other media (Lindawati et al., 2024; Riera & Iborra, 2025). The higher the score indicates the stronger the narcissistic tendencies. With an average of close to 4 out of a scale of 6, it can be concluded that the level of narcissism Chief Executive Officer In this study, it is included in the medium to high category, which has the potential to affect the company's leadership style and decision-making.

The minimum value of the Profit Management variable is -0.08, which is in PT. Ulima Nitra Tbk in 2024, and the maximum value is -0.01, namely at PT. Golden Energy Mines Tbk in 2022. The average value was -0.04, with a standard deviation of 0.01. Profit management in this study was measured using discretionary accrual with the Modified Jones Model, which shows the extent to which profits can be modified through accounting policies. A negative value indicates a tendency for the company to reduce profits conservatively. With a relatively small average value and close to zero, it can be concluded that most of the companies in the sample do not aggressively practice profit management, so their financial reporting is still within reasonable limits (Sari et al., 2022).

Classic Assumption Test

The normality of the data using the Kolmogorov-Smirnov test on the residual regression model yielded a significance value of 0.200 in Model 1 and 0.103 in Model 2. Both values are above the significance threshold of 0.05, which means the residual distribution pattern shows a tendency to approach the normal distribution. Therefore, it can be concluded that the regression model in this study has met the assumption of normality.

Furthermore, to detect the presence of symptoms of multicollinearity, a test was carried out by looking at the value of the Variance Inflation Factor (VIF). The test results showed that the VIF value for all variables in Model 1 and Model 2 was in the range of 1.036 to 1.101 or <

10, and the tolerance value was > 0.10. This indicates that there is no problem of multicollinearity between independent variables used in the regression model.

The heteroscedasticity test was carried out using the White's Test method, with the criterion that a significance value above 0.05 indicates the absence of heteroscedasticity. The test results showed that all variables in Model 1 and Model 2 had significance values above 0.05, which ranged from 0.082 to 0.275. Thus, it can be concluded that the regression model does not contain heteroscedasticity problems.

Finally, the results of the autocorrelation test based on the Durbin-Watson value showed a figure of 1.749 on the Model 1 and 1.862 on the Model 2. The two values are between the upper limit (dU) and 4-dU, so the model is declared free of autocorrelation problems. Thus, all classical assumptions in this study have been fulfilled and the regression model is feasible for use in advanced analysis.

Path Analysis

Pathway analysis was used to test the direct and indirect influence between independent variables (Corporate Social Responsibility and Chief Executive Officer narcissism) on dependent variables (ROA) through mediation variables (profit management). The results of the first model test showed that partially, the Corporate Social Responsibility variable had a regression coefficient of 0.008, meaning that every increase in one unit of Corporate Social Responsibility would increase the profit management value by 0.008. On the other hand, the Chief Executive Officer's narcissism variable has a regression coefficient of -0.003 which shows that an increase in one unit of Chief Executive Officer's narcissism actually decreases the value of profit management by 0.003.

In the second model, which examined the direct influence of CSR, Chief Executive Officer narcissism, and profit management on ROA, it was found that Corporate Social Responsibility had a negative influence on ROA with a regression coefficient of -6.544. This means that an increase in one unit of Corporate Social Responsibility actually reduces ROA by 6,544 units. In contrast, the Chief Executive Officer's narcissism variable showed a positive influence with a regression coefficient of 1.126 on ROA, which means that an increase of one unit of Chief Executive Officer's narcissism increased ROA by 1.126 units. The profit management variable also has a positive and significant influence on ROA with a coefficient of 311.892, which means that every increase in profit management by one unit will increase ROA by 311.892 units.

In addition, the results of the mediation test showed that profit management succeeded in mediating the influence of Corporate Social Responsibility on ROA with an indirect influence value of 2.495, and mediated the influence of Chief Executive Officer narcissism on ROA with an indirect effect of -0.935. This shows that the existence of profit management strengthens the influence of Corporate Social Responsibility on financial performance, but weakens the influence of Chief Executive Officer narcissism on ROA.

Sobel Test

The Sobel test was used to test whether profit management was really a mediating variable in the relationship between Corporate Social Responsibility and Chief Executive Officer's narcissism towards financial performance (ROA). The results of the calculation show that the influence of Corporate Social Responsibility on ROA through profit management has a t-calculation value of 2.178 greater than the t-table of 2.01 with a significance of 0.029 < 0.05. This means that profit management is proven to mediate the relationship between Corporate Social Responsibility and financial performance. The Chief Executive Officer's narcissistic influence on ROA through profit management resulted in a t-count value of 3.809 greater than the t-table of 2.01 with a significance of 0.000 < 0.05. It also shows that profit management plays a significant mediator on the relationship of Chief Executive Officer's narcissism to financial performance. The Sobel test proves that profit management functions as a mediating variable in both relationships, thus strengthening the results of the path analysis that has been carried out previously (Hung, Nguyen, Luu, & Nguyen, 2025).

Hypothesis Test

The F test is a statistical method used to test the overall regression relationship, with the aim of finding out whether all independent variables together have a significant influence on the dependent variables. In this study, the F test was used to assess whether Corporate Social Responsibility, Chief Executive Officer *narcissism*, and profit management had a significant influence on ROA. The significance levels used are 10%, 5%, and 1%. If the significance value is less than 0.05, then it can be concluded that the regression model as a whole is significant. The results of the F test showed that the significance value in both models was 0.000, which is smaller than 0.05. Thus, it can be concluded that the regression model that was formed was significant, meaning *Corporate Social Responsibility,* Chief Executive Officer *narcissism*, and profit management simultaneously had a significant effect on ROA (Hichri & Ltifi, 2021).

The T test is used to test the influence of each independent variable on the dependent variable partially. The significance levels used are 10%, 5%, and 1%. If the significance value is less than 0.05, then the independent variable is declared to have a significant effect on the dependent variable. The results of the t-test showed that *Corporate Social Responsibility* had a significant effect on profit management with a significance value of 0.027 and a t-calculation of 2.255. The Chief Executive Officer's narcissism also showed a significant influence on profit management with a significance value of 0.000 and a t-count of 4.273. Furthermore, *Corporate Social Responsibility* had a significant effect on ROA with a significance value of 0.000 and t-count of 4.054, while the narcissism of *the Chief Executive Officer* had a significant effect on ROA with a significance value of 0.000 and t-count of 4.597. Profit management had a significant effect on ROA with a significance value of 0.000 and t-count of 8.413. In addition, profit management was proven to mediate the influence of *Corporate Social Responsibility* on ROA with a significance value of 0.029 and t-count of 2.178, as well as mediate the influence of Chief Executive Officer's narcissism on ROA with a significance value of 0.000 and t-count of 3.809. The following is a summary of the results of the hypothesis test.

Table 2 Results of the path analysis

Hypothesis	Variable	Test Results	Results
H1	X1 (CSR) → Y (Financial Performance)	T count 4.054 > 2.01 and Significance 0.000 < 0.05	**Dilemmatic hypothesis**
H2	X2 (CEO Narcissism) → Y (Financial Performance)	T count 4.597 > 2.01 and Significance 0.000 < 0.05	**Dilemmatic hypothesis**
H3	CSR → Profit Management → Financial Performance (ROA)	T counts 2.255 > 2.01 and Significance 0.027 < 0.05 (CSR	

		→ ML) T counts 8.413 > 2.01 and Significance 0.000 < 0.05 (ML → ROA)	**Dilemmatic hypothesis**
H4	CEO Narcissism → Profit Management → Financial Performance (ROA)	T counts 4.273 > 2.01 and Significance 0.000 < 0.05 (Narcissism → ML) T counts 3.809 > 2.01 and Significance 0.000 < 0.05 (ML → ROA)	**Dilemmatic hypothesis**

Source: *SPSS output* processed by author, 2025

Coefficient of Determination

In the output results of SPSS model 1, an R square value of 0.221 was obtained, which means that the variables of Corporate Social Responsibility and Chief Executive Officer narcissism can influence the profit management variable by 22.1% while the remaining 77.9% of the profit management variable is influenced by other variables that are not included in this research model. Furthermore, in model 2, an R square value of 0.513 was obtained which shows that the variables Corporate Social Responsibility, Chief Executive Office narcissism and profit management were able to influence the ROA variable by 51.3% while the remaining 48.7% of the ROA variable was influenced by other variables outside this study.

Discussion

The Influence of Corporate Social Responsibility on Financial Performance

The findings of the statistical test showed a significance value of less than 0.05, allowing the conclusion that Corporate Social Responsibility negatively and significantly affects financial performance (LENGTH). Consequently **H1 hypothesis accepted**. This shows that companies with a strong dedication to the implementation of social responsibility actually experience a decrease in asset utilization efficiency, as seen from the lower ROA value. These findings are in line with research (Rahim et al., 2024) who found that the implementation of Corporate Social Responsibility that are not integrated can increase the cost burden and lower short-term profitability. Additional studies by (Sari et al., 2022) also explains that the disclosure Corporate Social Responsibility without the support of operational efficiency can reduce financial performance. According to agency theory, the disclosure of Corporate Social Responsibility is supposed to reduce information asymmetry between management and shareholders, but if its implementation is inefficient, it can actually increase agency costs and decrease the company's financial results (Ngo & Le, 2023; Oktari & Dianawati, 2023; Rahim, Safitra, & Putra, 2024; Riera & Iborra, 2025).

The Influence of Chief Executive Officer's Narcissism on Financial Performance

The results of the statistical test showed that the Chief Executive Officer's narcissism variable had a positive and significant influence on Return on Assets (ROA), with a probability value below 0.05. Therefore, **the H2 hypothesis is accepted**. These findings indicate that the narcissistic characteristics possessed by the Chief Executive Officer can drive improvements in the company's financial performance, especially in the short term.

(Lindawati et al., 2024) reveals that Chief Executive Officer With high levels of narcissism have a strong drive to demonstrate personal success in the eyes of the public as well as shareholders, so they tend to make aggressive decisions and are oriented towards short-term results. In line with that, (Riera & Iborra, 2025) explains that narcissism Chief Executive Officer can be seen through the frequency of exposure on social media such as LinkedIn, the intensity of mentions in annual reports, and the dominance in corporate communications, all of which indicate an effort to build a self-image (Sari, Fuadah, & Yusnaini, 2022; Tetteh et al., 202; Wahyuningsih, 2020). This strategy, although often symbolic, is able to encourage strategic measures that have an impact on increasing the company's profitability.

In the context of agency theory, narcissistic characters Chief Executive Officer can give rise to opportunistic actions, especially since they want to maintain a positive image in the eyes of capital owners (Muhammad, Migliori, & Di Berardino, 2024). However, when this leadership practice is accompanied by a strong corporate supervision and governance system, this narcissistic nature can actually be the driving force for the achievement of better financial performance (Hou et al., 2024; Ngo & Le, 2023)

The Influence of Profit Management Mediates the Relationship Between Corporate Social Responsibility on Financial Performance

The results of the mediation pathway test showed that Corporate Social Responsibility had a positive and significant effect on Return on Assets (ROA) through profit management as an intervening variable. Thus, the H3 hypothesis **is declared accepted**. These findings indicate that companies with high levels of Corporate Social Responsibility disclosure tend to use profit management moderately as a strategy to maintain the stable image of their financial performance.

Research by (Sari et al., 2022) declares that the disclosure of Corporate Social Responsibility can affect the level discretionary accruals, as the company wants to maintain a positive perception from stakeholders of the reputation and social responsibility displayed in the financial statements. In this context, profit management does not necessarily reflect manipulative actions, but can be viewed as a strategic accounting policy that is still within the corridor of applicable accounting principles (Kalbuana et al., 2023).

In the perspective of agency theory, Corporate Social Responsibility serves as an external oversight mechanism that can suppress management's opportunistic behavior (Azahra & Handayani, 2023) Nevertheless, the pressure to maintain a company's image in the public eye can also encourage management to use discretionary accruals in a limited manner to maintain the stability of financial statements. Therefore, profit management acts as a mediating variable that strengthens the relationship between Corporate Social Responsibility and financial performance (ROA).

The Influence of Profit Management Mediating the Relationship Between Chief Executive Officers on Financial Performance

The results of the statistical test showed that the Chief Executive Officer's narcissism variable had a positive and significant effect on Return on Assets (ROA) through profit management as a mediating variable. Therefore, **the H4 hypothesis is declared accepted**. These findings show that Chief Executive Officers with a high level of narcissism have strong personal motivation to display a good company performance image, one of which is through strategic profit management practices (Makki & Alqahtani, 2023; Yendrawati & Kinanti, 2024).

According to (Lindawati et al., 2024), Chief Executive Officer Narcissistic tend to use earnings management as a tool to form a positive public perception of their leadership. Narcissistic traits, expressed through increased self-exposure in annual reports, the use of symbols of power, and involvement in social media, often encourage aggressive financial decision-making (Riera & Iborra, 2025).

Within the framework of agency theory, the narcissistic practice of profit management by the Chief Executive Officer can be seen as a form of alignment between the Chief Executive Officer's personal interests and shareholder expectations. Although the use of profit management is risky if done excessively, in the context of this study the practice makes a positive contribution to improving financial performance (ROA). Therefore, profit management acts as a mediating variable that strengthens the relationship between the Chief Executive Officer's narcissism and the company's financial performance (Zafar, Sulaiman, & Nawaz, 2022).

CONCLUSION

Referring to the findings of the research, the conclusion that can be drawn is that Corporate Social Responsibility (CSR) and Chief Executive Officer (CEO) narcissism have been proven to have a significant influence on the management practices of corporate profit management and financial performance (Return on Assets / ROA) in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. Corporate Social Responsibility (CSR) has a positive influence on profit management practices and directly also affects the increase in ROA. Chief Executive Officer (CEO) narcissism also shows a significant influence on profit management practices and increased ROA. In addition, profit management plays a significant role as a mediating variable in strengthening the influence between Corporate Social Responsibility (CSR) on ROA and between Chief Executive Officer (CEO) narcissism on ROA. These findings confirm that both the corporate social dimension and the personal characteristics of top leaders play an important role in the company's financial reporting strategy and operational performance.

The limitation in this study is the approach to measuring profit management using the modified Jones model, which is considered quite complex and depends on certain assumptions. Subsequent research is suggested to use *simpler methods* such as the total accrual approach to be more practical in application and interpretation. In addition, the measurement of Chief Executive Officer (CEO) narcissism is only based on visual existence and mention of names in the annual report, so it does not represent the psychological aspect in its entirety. For future research, methods such as the Narcissistic Admiration and Rivalry Concept (NARC) or facial coding technique (NAFC) may be considered to obtain a more accurate picture of the personality. The scope of this study is also limited to the energy sector, so the generalization of the findings needs to be further tested in other industrial sectors.

The results of this study provide managerial implications that companies need to manage Corporate Social Responsibility (CSR) strategically, not only as a form of compliance but also as a tool to maintain the stability of stakeholder perception and financial efficiency.

The management is also expected to be able to create an effective governance system so that the tendency to narcissism in the Chief Executive Officer (CEO) can be directed positively and does not encourage excessive profit management practices. With good supervision and internal control systems, companies can minimize the risk of manipulation of financial statements even if the Chief Executive Officer (CEO) has narcissistic characteristics. Therefore, a long-term strategy that combines social responsibility, leader personality, and good corporate governance needs to be the main focus for sustainability and improving company performance.

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