

ABSTRACT

The purpose of this paper is to investigate the impact of earnings management on financial performance. In addition, the authors investigate whether Environment, Social, Governance (ESG) Disclosure has a moderating effect on the impact of earnings management on financial performance.

The empirical study is based on a sample of manufacture companies listed on the Indonesia Stock Exchange in 2019-2021. Sampling is obtained by the purposive sampling method and resulted a total sample of 106 data. The data was analysed using multiple linear regression analysis method and moderated regression analysis.

This study indicates that earnings management have not influence to financial performance. Environment, Social, Governance (ESG) Disclosure can not moderate the impact of earnings management on financial performance.

Keywords: Agency theory, Discretionary accruals, Earnings management, Environment social governance disclosure, Moderating effect, Firm financial performance