

ABSTRACT

This research aims to examine the interrelationship between earnings management (EM) and corporate social responsibility reporting (CSR). This research uses GRI G3.1 Indexes to measure CSR while earnings management is measured with real activities manipulation proxie.

Population of this research is all Indonesian Listed Companies in Indonesian Stock Exchange for the year 2012 and 2013. Companies from financial and banking groups are excluded because they have the characteristics of assets which are very different from the other industries. Two-Stages Least Squares (2SLS) Analysis on SPSS22 is used to examine the data.

This research indicates that there is simoultanity relationship between earnings management and CSR reporting. But then, only CSR reporting which affects earnings management practices, but it isn't found prove that earnings management affects CSR reporting.

Keywords : *earnings management, corporate social responsibility reporting, real activities manipulation, simoultanity relationship*