

## **ABSTRACT**

*This study aims to investigate the relationship between ESG performance and earnings management. This research using Environmental, Social and Governance Disclosure Score as independent variable and earnings management that measured by Discretionary Accrual (DA) as dependent variable. In Addition, firm size and Return On Asset (ROA) are used as a control variable.*

*This study using secondary data. The population of this research is 9027 manufacturing companies that listed on database terminal bloomberg from 2015 – 2019. Using purposive sampling, 187 manufacturing companies were obtained as the sample of this research. The analytical method used in this research is multiple linear regression analysis.*

*The result of this study show that ESG Disclosure and Governance Disclosure has a negative and significant effect on earnings management practices that measured by Discretionary Accrual. In addition, we found that Environmental Disclosure has a positive and significant effect on earnings management practices and no significant effect of Social Disclosure on earnings management practices. Based on the results of hypothesis testing, the R Square value in this study is 38%, which means there are still 62% other variables outside of this study that have an effect on earnings management practices.*

**Keywords :** *earnings management, discretionary accrual, ESG Disclousre, Environmental Disclosure, Social Disclosure, Governance Disclosure.*