

ABSTRACT

Earning management is an intervention by management in financial reporting company, by way of toying with the numbers in the financial statements or by changing accounting policy a company to manage profit. This is done to gain a variety of benefits (usually for personal gain).

The purpose of this study is to analyze what factors can affect the company in earning management. In this study, independent variabels were used, namely free cash flow, leverage, profitability and sales growth to earning management.

The population in this study is companies mining sector listed on the Indonesia Stock Exchange in 2013-2017. The method of data analysis in this study is panel data regression analysis using software evIEWS 10.

Based on this result of research showed that free cash flow, leverage, profitability and sales growth has significant simultaneously on earning management. While, partially profitability has a significant effect on the positive direction on earning management. While, free cash flow, leverage and sales growth have no significant effect on earning management.

The result of research also showed profitability has a significant effect on the positif direction on earning management. This needs to be a concern for investors to be more careful in using financial statements, and not assess a company only from the company's ability to generate profits and profits for the company without assessing other aspects.

Keywords: Free Cash Flow, Leverage, Profitability, Sales Growth, Earnings Management