

ABSTRACT

Earnings management is a management decision-making process in choosing accounting policies by increasing profits and decreasing profits. Motivation managers do earnings management, namely the existence of bonuses, debt agreements, company reputation and IPO (Initial Public Offering). While two important perspectives are used to describe why managers do earnings management, namely the information perspective (signaling) and the opportunist perspective

The purpose of this study is to analyze the influence of the proportion of independent commissioners, leverage, company size and free cash flow on earnings management both simultaneously and partially. In this study the proportion of independent commissioners, leverage, company size and free cash flow are independent variables. While earnings management is the dependent variable in this study

The population in this study are the food and beverage sub-sector companies listed on the Indonesia Stock Exchange 2014-2017. The sample selection technique uses a purposive sampling technique so that the companies that become the study sample are 14 companies out of a population of 18 companies. Data analysis used is panel data regression analysis using software eviews 9

The results of this study reveal that the independent variables simultaneously influence the dependent variable. Partial influence, independent board of commissioners has a negative and significant effect, leverage has a positive and significant effect on earnings management. While for company size variables and free cash flow does not have a significant effect on earnings management.

In this study the proportion of independent board of commissioners has a negative and significant influence and leverage has a positive and significant influence on earnings management. So that the researcher gives advice to the management of the company to increase the proportion of the board of commissioners and reduce its debt. Besides the advice given to investors, namely in the decision-making process to invest the proportion of independent commissioners and leverage can be a concern or focus in determining whether there is a practice of earnings management in a company

Keywords : *Board of Independent Commissioners, Leverage, Company Size, Free Cash Flow, Profit Management*