

ABSTRACT

Earnings management is an act of appraisal in financial statements and the preparation of a transaction that aims to manipulate financial performance for the benefit of management. This is done to manipulate by increasing or decreasing the value of income contained in the financial statements and using an accounting method used by the company with the intervention in preparing financial statements.

This study aims to determine how the effect of profitability, leverage, and good corporate governance on earnings management in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2017-2020. This study uses data on financial statements listed on the Indonesia Stock Exchange (IDX).

The population in this study are food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020. The sample selection technique used was purposive sampling and obtained 20 companies with a research period of 4 years so that 80 total research samples were obtained. The data analysis method used in this research is panel data regression analysis.

The results of this study indicate that profitability, leverage and good corporate governance have a simultaneous effect on earnings management. Partially, the profitability variable has a positive effect on earnings management. Meanwhile, leverage and good corporate governance which consist of institutional ownership variables and independent commissioners have no effect on earnings management.

Keywords: *earnings management, good corporate governance, leverage, profitability*