ABSTRACT

Earnings management is an effort in which company management influences information in the reporting process intentionally which aims to deceive stakeholders who want to know the condition and performance of the company by reducing or increasing earnings reporting. The emergence of earnings management is the impact of agency problems which are often triggered by the separation of roles or differences in interests between the owner (principal) and the manager (agent) of the company. Information asymmetry between managers and owners can provide opportunities for managers to carry out earnings management. Earnings management is calculated using the Discretionary Accrual proxy.

The method used in this research is quantitative. The sampling technique used purposive sampling and obtained a research sample of 12 companies with observations for five years so that a sample of 60 samples was obtained. The data analysis technique in this study is panel data regression using Eviews 12 software.

Based on the results of this study indicate that information asymmetry, profitability, leverage and company size simultaneously affect earnings management. Partially, information asymmetry has a positive effect on earnings management. Meanwhile, profitability, leverage and company size have no effect on earnings management in food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period.

Keywords *: Earnings Management, Information Asymmetry, Profitability, Leverage, Firm Size*