

## ABSTRACT

*Earnings management is an activity that is directly related to managers in managing the company to maximize or minimize company profits in accordance with the target desired by the manager. In general, the practice of earnings management is carried out by managers because of certain interests. One of the impetuses that causes managers to practice earnings management is to attract investors.*

*This study aims to determine the effect of profitability, free cash flow, and liquidity on earnings management in state-owned Non Bank companies listed on the Indonesia Stock Exchange in 2015-2019.*

*The phenomenon in this study uses the case study method in different year. The population in this study are state-owned Non Bank companies listed on the Indonesia Stock Exchange in 2015-2019. The sampling technique used was purposive sampling and the data obtained 75 research samples. The data used in this study were obtained from the company's annual financial statements. The analytical method used is panel data regression using Eviews 11 software.*

*The results of this study indicate that profitability, free cash flow, and liquidity simultaneously affect earnings management. Profitability and free cash flow partially affect earnings management. Meanwhile, liquidity has no partial effect on earnings management.*

*Future research is expected to add other variables that are thought to have an effect on earnings management. It is expected that profitability and free cash flow can be considered because these two variables are proven to have an influence on earnings management in state-owned Non Bank companies listed on the Indonesia Stock Exchange.*

**Keywords:** *earnings management, profitability, free cash flow, and liquidity.*