ABSTRACT

Earnings management is an unethical action carried out by management in financial reports with the intention of beautifying financial reports by manipulating data when preparing financial reports. 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. This action aims to trick investors and stakeholders who want to know financial performance by increasing or decreasing profits in financial reports. Earnings management is calculated using the Discretionary Accrual proxy.

This study aims to determine the effect of profitability, leverage and company size on earnings management in transportation and logistics companies listed on the Indonesia Stock Exchange in 2017-2021.

The population of this study is transportation and logistics companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. The method used in this study is to use quantitative methods. The sampling technique in this study used purposive sampling so that a sample of 15 companies was obtained with an observation period of five years so that a total sample of 75 companies was obtained. The data analysis technique in this study is using panel data regression using Eviews 12 software.

Based on the results of the research conducted, it shows that profitability, leverage, and firm size simultaneously affect earnings management. Partially, profitability affects earnings management. While leverage and firm size have no effect on earnings management.

Keywords*: Profitability, Leverage, Company Size, Earnings Management*