

ABSTRACT

Earnings management is an intervention carried out by company management in preparing financial reports by manipulating company performance with the aim of benefiting the company. Management's motivation for carrying out earnings management practices is to attract external parties to the company, one of which is investors by increasing profits (income increasing) and tax motivation by reducing profits (income decreasing).

Earnings management can be influenced by several factors, namely return on assets, return on equity, return on investment, free cash flow, institutional ownership. So, this research aims to find out the influence of return on assets, return on equity, return on investment, free cash flow, institutional ownership on earnings management in state-owned holding companies listed on the Indonesia Stock Exchange in 2018-2022.

The population in this research is BUMN parent companies listed on the Indonesia Stock Exchange in 2018-2022. The sampling technique used was non-probability sampling and 12 companies were obtained in the 5 year research period, resulting in a total of 60 research samples. Testing in this research uses descriptive statistical tests with panel data regression analysis methods

The research results show that return on assets, return on equity, return on investment, free cash flow, institutional ownership simultaneously influence earnings management. Partially, return on assets has a positive effect on earnings management and return on investment has a negative effect on earnings management, while return on equity, free cash flow, institutional ownership have no effect on earnings management.

Based on the research conclusions, suggestions are obtained which are divided into theoretical aspects and practical aspects, namely. For companies, based on the research results, with indications that the profit management of state-owned companies' parent companies is avoiding tax, then with these indications of earnings management, companies are advised to continue to comply with the consistent application of accounting policies. For investors, it is recommended that investors use the results of this research as information in making investment decisions.