ABSTRACT

This study is a qualitative research that aims to analyze the effect of credit risk on profitability, firm size and leverage on earning's management. The credit risk variable is measured using non-performing financing (NPF). Profitability is measured using Return On Assets (ROA). Company size is measured by using the company's total assets. Leverage is measured using the Debt On Assets Ratio (DAR). While the earning's management variable is measured using discretionary accruals. This research is a quantitative research. The data source of this research is secondary data in the form of Islamic bank financial statements obtained from the website of the Financial Services Authority (OJK).

The population in this study are Islamic banks registered with the Financial Services Authority (OJK) in the 2014-2018 period. The data collection technique used in this research is Library Research with the documentary method. Testing the hypothesis in this study using multiple linear regression analysis method using the statistical application Statistical Package For Social Sciences (SPSS) version 22 as a test tool. The analytical methods used include descriptive statistical tests, classical assumption tests (multicollinearity test, autocorrelation test, heteroscedasticity test, normality test), and hypothesis testing.

Based on the results of the ANOVA test, the variables of credit risk, profitability, leverage and firm size simultaneously or jointly affect the earnings management variable. And partially the research results show that credit risk, profitability and leverage have a significant effect on earnings management. While the size of the company proved to have no significant effect on earnings management.

Keywords: Credit Risk, Profitability, Company Size, Leverage, Earnings Management.