ABSTRACT

Earnings information is a very important element for investors as a consideration for making investment decisions. Many things are done by company management to attract investors, one of which is earnings management in the form of income smoothing. Income smoothing is an action taken by company management with the aim of reducing fluctuations in earnings to make it more stable and look good in the eyes of investors. If the company's profits seem to fluctuate, investors think that the company has a high risk, so that it can reduce the motivation to perform income smoothing as an alternative that can be done if the company's profits fluctuate.

This study was conducted to determine the simultaneous and partial effect of profitability, cash holding, and company size on income smoothing in SOEs listed on the Indonesia Stock Exchange in 2017-2021.

The method in this study uses quantitative methods. This study uses a descriptive type of research with a case study type of research. The sampling technique in this study uses a purposive sampling technique by obtaining 8 samples of companies with a period of 5 years in order to obtain 40 sample units. This research uses logistic regression analysis method using SPSS 16.0 software.

The results of this study indicate that the variables of profitability, cash holding, and firm size simultaneously have a significant effect on income smoothing. While partially the profitability and company size variables have an effect, while the cash holding variable has no effect on income smoothing.

Based on the results of this study, it is expected that the company's management and investors can pay attention and look for other factors or other financial performance that can affect income smoothing actions as a material consideration in making decisions, because based on this study the independent cash holding variable used proved to have no effect on income smoothing.

Keywords: *Cash Holding, Company Size, Income Smoothing, Profitability*