

ABSTRACT

Financial statements are one of the information that can provide reports to external parties or users of information that need or have an interest in making investment decisions on the company's performance and financial condition. Financial statement information users and investors tend to pay attention to fluctuations in profit in each company because it will show the performance of companies that have good achievements. This tendency will make the management manipulate profits by income smoothing obtained through the transfer of high annual company income to annual income that is not in line with the target or low in a certain period.

The purpose of this study is to determine the influence of operating profit margin variables, cash holding, and institutional ownership on income smoothing. The object used in this study is energy sector companies listed on the Indonesia Stock Exchange in 2017-2022 both simultaneously and partially.

This study uses secondary data obtained from annual financial statements by accessing the company's website and the Indonesia Stock Exchange. The sample selection technique used is non-probability sampling with the purposive sampling method and produces a total sample of 24 companies during the 2017-2022 period. This study uses descriptive statistical analysis methods and logistic regression analysis with data processing using SPSS 26 software.

The results of this study show that simultaneously operating profit margin, cash holding, and institutional ownership have an effect on income smoothing in energy sector companies listed on the Indonesia Stock Exchange in 2017-2022. Based on partial testing, it can be shown that operating profit margin have a significant effect on income smoothing, while the cash holding and institutional ownership variable does not have a significant effect on income smoothing in energy sector companies listed on the Indonesia Stock Exchange in 2017-2022. Based on the results of the study, it is hoped that the researcher will then use other types of sectors with the same year and can also add independent variables that are suspected to affect the occurrence of income smoothing such as dividend payout ratio (DPR), difference between actual profit and normal profit, tax avoidance, net profit margin, financial risk, winner/loser stock and others.

Keywords: *operating profit margin, cash holding, institutional ownership, income smoothing*