

ABSTRACT

Financial statements are written reports which constitute a reasonable view of the financial position, performance, and cash flow of the company that is beneficial to the users of these financial statements. Income smoothing actions can be categorized as actions to manipulate actual financial statement information. Then it does not rule out the possibility of companies doing income smoothing practices to attract investors.

This study aims to examine empirical evidence either simultaneously or partially the influence of profitability, financial leverage, and firm size on income smoothing in the publicly-listed BUMN sector listed on the Indonesia Stock Exchange for the 2014-2018 period.

This study consisted of 71 samples of publicly-listed BUMN sectors listed on the Indonesia Stock Exchange for the 2014-2018 period. The sample was obtained by purposive sampling. The analytical method used in this study is descriptive statistical analysis and logistic regression using SPSS 25.

The results of this study indicate that profitability, financial leverage, and firm size have an effect on simultaneous income smoothing. Partially, profitability has a positive effect on income smoothing. While financial leverage and company size negatively affect income smoothing.

For companies, the results of this study can be used for related policies regarding profit. As for investors, the results of this study are expected to help investors to make the right decisions to invest.

Keywords : *Profitability, Financial Leverage, Firm Size, and Income Smoothing.*