

## **ABSTRACT**

*Earnings information is very important for investors as consideration for making investment decisions. Many attempts are made by company management to attract investors, one of the efforts carried out is to profit management in the form of income smoothing. Income smoothing is an action taken by company management with the aim of reducing earnings fluctuations so that profits are stable and look good in the eyes of investors. If there is a profit in a company that looks fluctuating, then investors consider that the company has a high risk, so that it can reduce motivation to invest. This encourages the management to practice earnings equality as an alternative that can be done with earnings in fluctuating companies.*

*This research was conducted to determine the simultaneous and partial influence between cash holding, firm size, and financial leverage on earnings management in SOE Companies listed on the Indonesia Stock Exchange during 2012-2018.*

*The method in this study uses quantitative method. This research uses descriptive research with case study research type. The sampling technique in this study used purposive sampling technique by obtaining 12 sample companies with a period of 7 years to obtain 84 sample units. This research uses logistic regression analysis method using SPSS 25.0 software.*

*The results of this study indicate that cash holding variables, firm size, and financial leverage simultaneously have a significant effect on earnings management. While partially, cash holding variables, firm size, and financial leverage have no effect on earnings management.*

*Based on the results of this study, it is expected that company management and investors can pay attention and look for other factors or other financial performance that can influence earnings management actions as a material for consideration in decision making, because based on this research the independent variables used are proven to have no effect on earnings management.*

**Keywords:** *Earning Management, Cash holding, Firm Size, Financial leverage.*