

ABSTRACT

The practice of income smoothing is an action used by management to obtain profits that tends to be normal or not fluctuating by applying various general accepted accounting procedures. This is done by management because investors assume that companies with high fluctuations in earnings tend to have a high risk of implementing practices of income smoothing. This will result in a decrease in investor interest in investing on the company.

This research is conducted to determine the simultaneous and partial effect of cash holding, winner/loser stock, and public ownership on income smoothing in consumer goods industrial sector companies listed on the Indonesia Stock Exchange in 2016-2019.

This research uses quantitative methods with descriptive verification type. Researchers uses IBM SPSS 25.0 software to test the hypothesis in the study. The sampling technique in this study is using a purposive sampling technique and that produces 31 samples from selected companies over a period of 4 years so that 124 sample units are obtained in the consumer goods industrial sector companies listed on the Indonesia Stock Exchange during the 2016-2019 period.

The result of this study indicate that cash holding, winner/loser stock, and public ownership have a simultaneous effect on income smoothing, while partially only the variable of winner/loser stock has a negative effect on practices of income smoothing.

For further researchers, it is suggested to re-test the variables that have no effect on income smoothing. For companies, it is advisable to pay more attention to the level of returns stock, so that the consumer goods sector companies listed on the Indonesia Stock Exchange in 2016-2019 could achieve winner stock conditions.

Keywords: Cash Holding, Winner/Loser Stock, Public Ownership, Income Smoothing