ABSTRACT

Income smoothing is an action taken by the management with the aim of reducing fluctuations in earnings so the profits look better in the eyes of investors. Investors focus on the profits generated by the company because it will determine investment decisions. This is one of the ways that management does to maintain profit stability.

This study uses two types of variables, namely independent variables (cash holding, leverage and firm size), and the dependent variable (income smoothing). In this study, conducted to determine the simultaneous and partial effect from cash holding, leverage and size company to income smoothing on mining sector companies listed in Indonesia Stock Exchange year 2018-2020.

In this study, the quantitative method is used. Whereas the sampling technique study is purposive sampling. The data in this study are secondary data retrieved from the official IDX website. The sample in this study are 22 samples in a period of 4 years hence, there are 88 total research data. The analysis technique used in this study is logistic regression analysis using the SPSS 25.0 application.

The result of research, cash holding, leverage and firm size variables simultaneously have significant effect to income smoothing. Partially, firm size have significant effect to income smoothing. But, cash holding and leverage variables proxied by using Debt to Equity Ratio (DER) have no effect on income smoothing.

Based on the results of this study, it is expected that management companies and investors can pay attention and look for other factors that can affect income smoothing, because it will affect them during making decisions.

***Keywords**: Cash Holding, Leverage, Income Smoothing and Firm Size*