ABSTRACT

The financial and banking sector is an economic sector and has a huge role in funding. In addition, the financial and banking sector is more attractive to investors, and many of them are listed on the Indonesian stock exchange. It tends to improve the company's strategy to obtain funding from outside investors. Therefore, the company's management tends to carry out a strategy in earnings management to keep the fluctuations in profits looking stable. This study analyzes the effect of ownership structure, profitability, financial leverage, and dividend payout ratio on income smoothing.

The population in this study was all financial and banking sectors listed on the Indonesia Stock Exchange for 2017 to 2019. Using a purposive sampling technique, we obtained 58 financial and banking sectors, and observational data in this study were 174 observational data. Hypothesis analysis and testing were carried out by logistic regression analysis using SPSS 25.

The results showed that the variable ownership structure proxied by public ownership had no significant effect on income smoothing. The firm size had a significant effect on income smoothing. In contrast, the profitability variables proxied by net profit margin, financial leverage, and dividend payout ratio had no significant positive effect on income smoothing.

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