ABSTRACT

Income smoothing is one of the patterns of earnings management carried out by management to even out profits between periods so that financial statements appear more stable in the eyes of investors. In this study, firm size is measured using the natural logarithm of total assets, company complexity is measured by the number of subsidiaries within the parent company, while public ownership is measured by the percentage of shares owned by the public relative to the total outstanding shares. From the corporate governance perspective, the board of commissioners is measured by the frequency of board meetings, and the audit committee is measured by the frequency of audit committee meetings during one year of observation.

This study was conducted on companies in the consumer cyclicals and consumer non-cyclicals sectors listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. Data collection was carried out through observation of annual reports obtained from the companies' official websites, using a documentation method with a total sample of 101 companies or 325 observation data. The data were analyzed using multiple linear regression with classical assumption tests and hypothesis testing through t-tests, F-tests, and the coefficient of determination.

The results show that firm size has a positive effect on income smoothing practices, while the audit committee has a negative effect on income smoothing. Meanwhile, company complexity, public ownership, and the board of commissioners have no significant effect on income smoothing practices. This study aims to provide empirical insights into the influence of company characteristics and corporate governance mechanisms on management's tendency to engage in income smoothing practices in the consumer cyclicals and consumer non-cyclicals sectors in Indonesia.

Keywords: *Income Smoothing, Firm Size, Company Complexity, Public Ownership, Board of Commissioners, Audit Committee.*