EFFECT OF FEMALE DIRECTORS ON INCOME SMOOTHING
Dhenta Agusti Widyantoro1*, Hadi Sumarsono 2, Dwiati Marsiwi3

Abstrak

Kata Kunci: direksi wanita, perataan laba, BUMN

Abstract
One of the parameters for investors to assess a company is by looking at its earnings. Companies strive to present good and stable earnings, which may lead to the practice of income smoothing. Directors, who have decision-making authority, along with the underlying upper echelon theory that supports the differences in characteristics and gender of women, known for their meticulousness and risk-averse nature, tend to reduce earnings management practices. The objective of this research is to examine the influence of female directors on income smoothing. The research population consists of state-owned enterprises (BUMN) listed on the Indonesia Stock Exchange from 2019 to 2021. The research sample was selected using purposive sampling. Logistic regression analysis was used to test the research data. The results that female directors do not have a significant impact on earnings management. The research includes four control variables, namely cash holding, bonus plan, profitiability, and independent commissioners. Cash holding and bonus plan do not have a significant impact on income smoothing. Profitability has a significant negative impact on earnings management, while independent commissioners have a significant positive impact on income smoothing.

Keywords: female directors, income smoothing, BUMN
INTRODUCTION

Competition in the business world in today's digital era encourages management to work more effectively and efficiently so that companies can survive and maintain their existence. For investors, management performance is a driving factor in assessing a company to make decisions. Management competes with other companies to always try to show the best company performance and performance in the hope of being able to influence the interest of potential investors to invest their shares in their company.

In investing, investors are expected to choose a company that has a good reputation. Information that needs to be obtained by an investor is the company's financial statements as material for decision making (Sugiono et al, 2010). Financial statements can reflect the financial condition which is the end result of the company's operational activities. One of the parameters in analyzing the company's financial statements is the profit generated.

Given this, the company will try to attract investors using dysfunctional behavior or earnings management. Earnings management is an action taken by managers by manipulating the profits obtained by the company (Nimanggi & Muslih, 2020). According to Siallagan (2020) earnings management is carried out by management in 4 ways, namely: income smoothing, taking a bath, income minimization, and income maximization. One of the earnings management actions is income smoothing which is used by management to increase or decrease reported profits so that profit fluctuations are at a level that is considered normal or stable (Nimanggi & Muslih, 2020). Income smoothing is often stated as whether it is good or not, or permissible or not. However, basically, the practice of earnings management using income smoothing is still often used by company management.

Badan Usaha Milik Negara or BUMN are companies or business entities that are managed directly by the state where the main investor is the state which is budgeted for by the Anggaran dan Pendapatan Belanja Negara or APBN so that the company will continue to improve its performance in order to obtain the desired profit. Apart from improving governance and infrastructure, one of the methods used is the practice of income smoothing.

According to Hasanuddin (2020) BUMN companies in the 2017-2019 time period the banking sector had the most stable income, followed by the communications and mining sectors. Stability is obtained in terms of funding, planning, development, and the ability to pay obligations that can sustain the company's performance. This is used to spur the country's economic growth on a macro basis. The stability of the income generated indicates the practice of income smoothing.

In a financial case that occurred in one of the state-owned companies, as reported by menurut Putri & Arkananta (2019) in this case, PT Garuda Indonesia has a condition that it recognizes accrual-based income, where the income can be recognized even though cash flows have not been received in part or in full by the company. In this case, what Management does is authorized. So that management has the opportunity to practice earnings management by recognizing income all at once in one year.

From this phenomenon, it is necessary to have the stability of the profits earned by the company. With the stability of the profit, the company will have a good image for investors or external parties even though the company in certain periods experienced a decrease in income due to an event. As a result, companies will tend to practice income smoothing.

Characteristics in the upper echelon theory can influence the decision making of the board of directors. The upper echelon theory can underline that top management's gender differences will affect decision making. The presence of female directors who are conscientious and avoid risks in carrying out their activities so that they will be careful in making decisions compared to men (Setyaningrum dkk, 2019). The involvement of women in the workforce, including in the State-
Owned Enterprises (BUMN) sector, has experienced a significant increase in recent years. Based on data from katadata.co.id, there is a table as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>2018 (%)</th>
<th>2021 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dewan Komisaris BUMN</td>
<td>1,69</td>
<td>8,65</td>
</tr>
<tr>
<td>Dewan Direksi BUMN</td>
<td>1,89</td>
<td>10,28</td>
</tr>
<tr>
<td>Pegawai BUMN</td>
<td>3,41</td>
<td>38,63</td>
</tr>
</tbody>
</table>

Source: www.katadata.co.id, 2023

The above table illustrates the increase in the proportion of female employees in State-Owned Enterprises (BUMN) over the past two years. In 2021, female employees accounted for approximately 38.63% of the total BUMN workforce, a significant rise from 3.41% in 2018. Meanwhile, there has also been a positive increase in the percentage of women serving as commissioners in BUMN. In 2021, women occupied approximately 8.65% of the commissioner positions, showing an improvement from 1.69% in 2018. Additionally, within the BUMN board of directors, the proportion of women reached 10.28% in the previous year, experiencing growth from 1.89% in 2018. This makes the proportion of female directors suppress or reduce the tendency to practice income smoothing.

No previous research has tested the effect of female directors on income smoothing directly. However, several researchers have examined the effect of female directors on earnings management. Income smoothing is a part or way of management in practicing earnings management. Mardianto & Susanti (2022) use a modification of the Jones model to measure earnings management by proxy for discretionary accruals. In contrast to this research, which calculates income smoothing using the Eckel index.

Research conducted by Arun et al (2015) states that the presence of a proportion of female directors has a positive effect on earnings management. The results of this study are different from the research of Mardianto & Susanti (2022) which provides evidence that the percentage of female directors does not affect earnings management.

With several previous studies showing inconsistent results and the absence of research using the influence of female directors with direct income smoothing, further research is needed on income smoothing practices.

LITERATURE REVIEW

Upper Echelon Theory

This theory was developed by Hambrick and Mason (1994) which states that top management can reflect on the organization it owns where the values in the leadership reflect the chosen strategy. Zein (2016) suggests that the upper echelon theory can be used to help explain that knowledge abilities, beliefs, and characteristics can influence each individual leader so that the characteristics of the leader have an important role in making strategic decisions and resource allocation. According to Toyyibah, J. (2012) provides an explanation that the upper echelon theory related to the characteristics and nature of the board of commissioners and directors is important to study, because company performance describes the results of decisions made by top management. This is because there are gender variations that have different characteristics, and top management will have various alternative ideas as a basis for decision making.

Earnings management

Earnings management is a managerial game used to control the amount of a company’s profit in a variety of methods (Nimanggi & Muslih, 2020). Sulistyanto (2008) claims that earnings
management is a deliberate attempt by corporate managers to interfere with or sway information in financial reports with the objective of deceiving stakeholders who wish to learn about and evaluate the performance and state of the company. According to Siallagan (2020) managers can practice earnings management in several ways, namely: Income Smoothing, taking a Bath, income Minimization, and Income Maximization.

**Income smoothing**

Income smoothing is a strategy in earnings management practices that occurs due to management's freedom in choosing the accounting method used in presenting financial reports (Toni et al, 2021). Income smoothing is a technique in earnings management practices as a result of management's discretion in choosing the accounting method used in financial reports. According to Sialalagan (2020: 283), Management implements income smoothing to lessen variations in net income in the company's financial statements. Income smoothing is divided into 2 types, namely: Naturally Smooth which is a smoothing of income that occurs naturally by saying that there is a nature in generating profit itself which can result in the resulting profit being stable. The second type is Intentionally Smooth which is divided into 2, namely Real Smoothing which is an action taken by management to control actual transaction events carried out with the effect of smoothing on profits for certain economic events, and Artificial Smoothing which is an accounting procedure as an implementation to transfer income or expenses from one period to another.

**Female directors**

In the Financial Services Authority Regulation (OJK) Number 57 of 2017 concerning Corporate Governance of Securities Companies Engaged in Underwriting and Securities Brokerage Activities, it is explained that the board of directors in a securities company is an individual who is responsible and has full authority in managing the affairs of the securities company for the benefit and goals of the company. Due to their significant responsibilities and authority, female directors are considered to reduce the tendency to engage in earnings management because women are known for being meticulous, more ethical, and risk-averse compared to men. This behavior plays a crucial role in reducing opportunistic behavior in utilizing company resources for personal gain (Mardianto & Susanti D, 2022).

**HYPOTHESIS DEVELOPMENT**

**Effect of Female directors on income smoothing**

The directors of the company are fully in charge of managing the security businesses in a way that serves the interests and goals of the business. The board of directors has a major effect on corporate decision-making due to its full authority and duty. The characteristics of the upper echelon theory related to values and perceptions can influence decision making. The upper echelon theory can underlie that gender differences in management or directors in making decisions to do income smoothing. Women are considered to be more thorough and careful than men in all respects, including in supervising and monitoring management.

According to agency theory, which describes how shareholders act as principals and management acts as agents. If there is a dispute between the agent and the principal, the agent or management will operate only in their own best interests, which will be detrimental to the principal or shareholders. The existence of this agency theory will result in a propensity for management to engage in income smoothing.

With sufficient responsibility and authority, directors of a female gender are considered to reduce the tendency to do income smoothing because women are conscientious, more ethical, and avoid risks when compared to men. This behavior plays a very important role in suppressing the opportunistic level in the use of company resources for management's personal interests. This will
affect the occurrence of income smoothing. To the researcher's knowledge, there has been no previous research that tested the effect of female directors on income smoothing. However, several previous researchers have tested the effect of female directors on earnings management. Income smoothing is a part or way of management in practicing earnings management. The results of research conducted by Arun dkk (2015) and Mardianto & Susanti (2022) stated that the presence of female directors affected earnings management. Apart from this, the research conducted by Razak & Helmy (2020) said that female directors had no significant negative effect on earnings management. So that the hypothesis can be formulated:

**H1: Female directors have a significant effect on income smoothing.**

Based on the theory, background, and the existence of hypotheses, the following framework is obtained:

![Figure 1. Framework](image)

The utilization of control variables such as cash holding, bonus plan, profitability, and independent commissioners in research regarding the impact of female directors on earnings management aims to control other factors that may influence earnings management. These chosen control variables possess the potential to affect the practice of earnings management. Cash holding, as a control variable, can influence earnings management practices since a high level of cash holding can motivate management to engage in earnings management to maximize the utilization of liquid assets. Bonus plan, as a control variable, can impact management's motivation in achieving desired profit targets, thus potentially triggering earnings management practices. Profitability, as a control variable, can influence management's motivation and decisions in conducting earnings management, particularly in companies with low profitability levels. Independent commissioners, as a control variable, can provide independent oversight of management actions, including earnings management policies. By incorporating these control variables into the research, the researcher can control for other factors that may influence earnings management, thus acquiring a more accurate understanding of the impact of female directors on earnings management.

**RESEARCH METHODS**
Population and Sample

In this research, the population used is all Badan Usaha Milik Negara or BUMN that have been listed on the Indonesia Stock Exchange or IDX in 2019-2021. Researchers’ preliminary findings indicate that there will be 28 BUMN companies. The data collection consists of financial statements and annual reports from state-owned enterprises (BUMN) listed on the Indonesia Stock Exchange from 2016 to 2021. This is because the calculation of earnings management requires financial statements and annual reports from the past three years. Purposive sampling is used in this study’s sampling. The following criteria were used as sample criteria: State-owned businesses that are listed on the Indonesia Stock Exchange for the 2019–2021 period and successively reporting financial reports and annual reports. Sample selection can be seen in the following table:

<table>
<thead>
<tr>
<th>No.</th>
<th>Keterangan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BUMN companies listed on the Indonesia Stock Exchange in 2019-2021</td>
<td>28</td>
</tr>
<tr>
<td>2</td>
<td>BUMN companies that do not issue financial reports consecutively from 2016-2021</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Perusahaan BUMN that has just done an IPO in 2016-2021</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>Sample totals</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Total research data (2019-2021)</td>
<td>81</td>
</tr>
</tbody>
</table>

Source: www.idx.com, 2023

Variable Operational Definitions
Income smoothing

Income smoothing is a tool used by management to reduce the profit stream that will be reported on the flow which is the target of management in manipulating accounting variables (artificial) or transactional variables (real). According to Eckel (1981) income smoothing is measured using the Eckel index with the formula:

\[
\text{Indeks Eckel} = \frac{CV \Delta I}{CV \Delta S} \\
\]

\[
cv \Delta I = \sqrt{\frac{\sum(\Delta XI - \bar{\Delta I})^2}{n-1}}: \bar{\Delta I} \\
\]

\[
cv \Delta S = \sqrt{\frac{\sum(\Delta XS - \bar{\Delta S})^2}{n-1}}: \bar{\Delta S} \\
\]

Note:

- \( cv \Delta I \): Standard deviation of mean net income (I)
- \( cv \Delta S \): Standard deviation of mean income (S)

As used by Nirmanggi & Muslih (2020) if the value \( CV \Delta I < CV \Delta S \), the company is said to practice income smoothing. The value of \( CV \Delta I \geq CV \Delta S \) means that the company is not classified as a company that performs income smoothing. Income smoothing in this study is a dummy variable that is given the symbol 1 for companies practice income smoothing practices and 0 for companies that do not practice income smoothing practices.

Female Directors
The Board of Directors is someone in a securities company who has full responsibility and authority in the affairs of the management of a securities company intending to serve the interests and objectives of the company. Directors who are conscientious and avoid risks will reduce the tendency to do income smoothing. The proportion of female directors in this study was measured according to research by Mardianto & Susanti (2022) which has the formula:

\[ DW = \frac{\text{Total female directors}}{\text{Total directors}} \]

Control Variables

Cash Holding

Cash holdings are cash and cash equivalents used to finance the company’s operations. In this study, cash holding is measured according to research conducted by Nirmanggi & Muslih (2020), which has a formula:

\[ CH = \frac{\text{Cash + Cash Equivalents}}{\text{Total Asset}} \]

Bonus Plan

Bonus plan is the level of appreciation given to management for performance that has been carried out in accordance with the company’s targets and objective. The bonus plan is projected with the natural logarithm of the salary expense (Nirmanggi & Muslih, 2020). The bonus plan and salary expense are interrelated, where a higher bonus plan provided will increase the salary expense borne by the company, according to what was done by Nirmanggi & Muslih (2020) which can be expressed by the following formula:

\[ BP = \ln \text{salary Expense} \]

Profitability

Profitability is the level of the company’s ability to earn profits. In practice, profitability can be measured by financial ratios, and this study uses the Return of Equity (ROE) ratio because it can determine how much net profit will be produced from each rupiah of funds contained in total equity. According to Hery (2017) ROE calculated by the formula:

\[ ROE = \frac{\text{Net income}}{\text{Total Equity}} \]

Independent commissioners

Independent commissioners are commissioners from outside the securities firm who, along with the board of commissioners, have the duty and ability to oversee and advise the board of directors. In this study, the proportion of commissioners is measured according to Anabela & Wijaya (2022), which has the formula:

\[ KI = \frac{\text{Total independent commissioners}}{\text{Total commissioners}} \]

Analysis Method

In this research, the data analysis used was logistic regression analysis because the dependent variable in this study used a dummy variable. This logistic regression method is used to assess whether the female director’s variable influences the practice of income smoothing. The dummy variable is denoted by 1 for companies that practice income smoothing and 0 for companies that don’t practice income smoothing. The regression formula according Ghozali (2018) used is:

\[ \text{Regression formula} \]
RESULTS AND DISCUSSION

Descriptive Statistics

The independent variable in this study is female directors and the dependent variable is income smoothing. This study has 4 control variables, namely cash holding, bonus plan, profitability, and independent commissioners. The following are the results of descriptive statistics:

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IS</td>
<td>81</td>
<td>0</td>
<td>1</td>
<td>.59</td>
<td>.494</td>
</tr>
<tr>
<td>DW</td>
<td>81</td>
<td>.00</td>
<td>.33</td>
<td>.1001</td>
<td>.09948</td>
</tr>
<tr>
<td>CH</td>
<td>81</td>
<td>.01</td>
<td>.25</td>
<td>.0865</td>
<td>.06078</td>
</tr>
<tr>
<td>BP</td>
<td>81</td>
<td>22.70</td>
<td>31.27</td>
<td>27.0573</td>
<td>1.98933</td>
</tr>
<tr>
<td>PRO</td>
<td>81</td>
<td>-.142</td>
<td>4.91</td>
<td>.1397</td>
<td>.63158</td>
</tr>
<tr>
<td>KI</td>
<td>81</td>
<td>.00</td>
<td>.70</td>
<td>.4033</td>
<td>.15332</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Output SPSS, 2023

Based on Table 3 descriptive analysis, the number of data in this study is 81. Income smoothing variable in this study has minimum value 0, a maximum value of 1, and an average of 0.59. This shows that 59% of state-owned companies listed on the Indonesia Stock Exchange in 2019-2021 perform income smoothing. While the standard deviation value is 0.494. Female directors variable in this study has minimum value 0.00, maximum value 0.33, and an average 0.1001 which shows that the average female directors of state-owned companies listed on the Indonesia stock exchange in 2019-2021 is 10.01%. While the standard deviation value is 0.09048. Cash holding variable in this study has minimum value 0.01, maximum value 0.25, and an average 0.0865 which shows that the average cash holding of state-owned companies listed on the Indonesia stock exchange in 2019-2021 is 8.65%. While the standard deviation value is 0.06078.

Bonus plan variable in this study has minimum value 22.70, maximum value 31.27, and an average 27.0573. While the standard deviation value is 1.98933. Profitability variable in this study has minimum value -1.42, maximum value 4.91, and an average 0.1397 which shows that the average profitability of state-owned companies listed on the Indonesia stock exchange in 2019-2021 is 13.97%. While the standard deviation value is 0.63158. Independent commissioners variable in this study has minimum value 0.00, maximum value 0.70, and an average 0.4033 which shows that the average independent commissioners of state-owned companies listed on the Indonesia stock exchange in 2019-2021 is 40.33%. While the standard deviation value is 0.15332.

Classic Assumption Test

The classic assumption test in this study only uses a multicollinearity test which aims to determine whether the regression model discovered a moderately high correlation between independent variables (Ghozali, 2018: 107). The method used is carried out with the Variance Inflation Factor (VIF) test, if Tolerance > 0.10 or the same as the VIF value < 10 thus multicollinearity does not occur in the regression model. Conversely, if the Tolerance < 0.10 is the same as the VIF
value > 10 then the variable indicates multicollinearity (Ghozali, 2018: 108). The outcomes of this study’s multicollinearity test of the data are as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.167</td>
<td>.734</td>
<td>1.590</td>
<td>.116</td>
<td>Tolerance</td>
</tr>
<tr>
<td>DW</td>
<td>-226</td>
<td>.537</td>
<td>-.046</td>
<td>-4.21</td>
<td>.675</td>
</tr>
<tr>
<td>CH</td>
<td>-.703</td>
<td>.847</td>
<td>-.087</td>
<td>-8.30</td>
<td>.040</td>
</tr>
<tr>
<td>BP</td>
<td>-.235</td>
<td>.029</td>
<td>-.142</td>
<td>-2.73</td>
<td>.008</td>
</tr>
<tr>
<td>PRO</td>
<td>-.226</td>
<td>.083</td>
<td>-.291</td>
<td>-2.74</td>
<td>.001</td>
</tr>
<tr>
<td>KI</td>
<td>1.243</td>
<td>.352</td>
<td>.388</td>
<td>3.535</td>
<td>.001</td>
</tr>
</tbody>
</table>

a. Dependent Variable: IS

Source: Output SPSS, 2023

Based on Table 4, it can be seen that the results of the calculation of the independent variables, namely and the control variables, namely cash holding, bonus plan, profitability, independent commissioners, and the dependent variable of female directors, have a tolerance value of more than 0.10 and a VIF value of less than 10. Thus, the results of the multicollinearity test above state that there is no multicollinearity between the independent variables in this regression model, so that the regression equation is feasible for further analysis.

Overall Model Fit

The Overall Model Fit test is an assessment of model fit using Log Likelihood (-2LL value) by comparing the -2 log Likelihood value at the beginning (block number = 0) with the -2 log Likelihood value at the next stage (block number = 1). Furthermore, the regression model can be said to be fit, if there is a reduction between -2LL or Log Likelihood numbers (block number = 0 – block number = 1). Following are the results of the log likelihood values:

<table>
<thead>
<tr>
<th>Table 5. Results Log Likelihood Values (Block Number = 0)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iteration History</td>
</tr>
<tr>
<td>Step 0</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

Source: Output SPSS, 2023

<table>
<thead>
<tr>
<th>Table 6. Results Log Likelihood Values (Block Number = 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iteration History</td>
</tr>
<tr>
<td>Step 1</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>
Based on the results of the overall model test, the fit model value can be seen in Table 5, the \(-2\text{Log Likelihood}\) value without taking into account the independent variable (Block number = 0), is 109.496. After entering the independent variables of female directors and 4 control variables in the form of cash holding, bonus plan, profitability, and independent commissioners, the value of \(-2\text{Log Likelihood}\) table 6 (Block number = 1) decreased to 85.128 or a decrease of 24.368. Decreasing the \(-2\text{Log Likelihood}\) value indicates that the regression model is in the fit category.

### Goodness Of Fit Test

**Tabel 7. Result Hosmer and Lemeshow Test**

<table>
<thead>
<tr>
<th>Step</th>
<th>Chi-square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6.842</td>
<td>8</td>
<td>.554</td>
</tr>
</tbody>
</table>

*Source: Output SPSS 2023*

Based on Table 7 it is evident from the model’s eligibility criteria for the Hosmer and Lemeshow Goodness of Fit Test, it has a Chi-square value of 6.842 and a significance value of 0.554. A significance value that is greater than 0.05 means that the logistic regression model is said to fit with the observation data so that the model is feasible and appropriate to use. This result can be interpreted as that in general the data can be said to be appropriate and worthy of testing.

### Hypothesis Test

**Tabel 8. Result Regresi Logistik**

<table>
<thead>
<tr>
<th>Variables in the Equation</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1 (^a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X1</td>
<td>-2.732</td>
<td>2.911</td>
<td>.880</td>
<td>1</td>
<td>.348</td>
<td>.065</td>
</tr>
<tr>
<td>K1</td>
<td>-5.400</td>
<td>4.411</td>
<td>1.499</td>
<td>1</td>
<td>.221</td>
<td>.005</td>
</tr>
<tr>
<td>K2</td>
<td>-.179</td>
<td>.166</td>
<td>1.164</td>
<td>1</td>
<td>.281</td>
<td>.836</td>
</tr>
<tr>
<td>K3</td>
<td>-3.123</td>
<td>1.385</td>
<td>5.084</td>
<td>1</td>
<td>.024</td>
<td>.044</td>
</tr>
<tr>
<td>K4</td>
<td>7.174</td>
<td>2.303</td>
<td>9.701</td>
<td>1</td>
<td>.002</td>
<td>1304.460</td>
</tr>
<tr>
<td>Constant</td>
<td>3.581</td>
<td>4.205</td>
<td>.725</td>
<td>1</td>
<td>.394</td>
<td>35.909</td>
</tr>
</tbody>
</table>

\(^a\) Variable(s) entered on step 1: X1, K1, K2, K3, K4.

*Source: Output SPSS, 2023*

Based on the hypothesis in this study, namely testing the effect of female directors on income smoothing. From the results of the logistic regression it produces a regression equation that is:

\[
\text{IS} = 3.581 - 2.732DW - 5.400CH - 0.179BP - 3.123PRO + 7.174KI + e
\]

According to the data in the table and the regression equation, it can be concluded that the test shows that the regression coefficient value for the variable female directors is -2.732 and a
The regression coefficient value for the cash holding variable is -5.400 and the cash holding significance value is 0.221 > 0.05. This means that cash holding has no effect on income smoothing.

The regression coefficient value for the bonus plan variable is -0.179 and a significance value of 0.281 > 0.05. This means that the bonus plan has no effect on income smoothing. The regression coefficient value for the profitability variable is -3.123 and a significance value of 0.024 < 0.05. This means that profitability has a significant negative effect on income smoothing. The regression coefficient value for the independent commissioner variable is 7.174 and a significance value of 0.002 < 0.05. This means that the independent commissioner has a significant positive influence on income smoothing.

DISCUSSION

Effect of female directors on income smoothing

Based on the first hypothesis in this study, namely testing the effect of female directors on income smoothing. From the test results, it was found that female directors had no effect on income smoothing. These results can be explained by the limited number of state-owned companies that have female directors. Observational data shows that the average number of female directors is only 10.01%, indicating that men still dominate the membership of the board of directors. This implies that policies made by female directors may have limited influence on decision making. In this context, company policies and decisions tend to be dominated by male backgrounds and views. Therefore, the authority of female directors in influencing income smoothing is limited. The results of this study are in line with the research of Mardianto & Chintia (2022), Edita & Cahyanto (2021), and Novilia & Nugroho (2016) which provides evidence that the percentage of female directors does not affect earnings management practices. These results are also in line with Dewi & Damayanti (2020) and Setyaningrum et al (2019) who revealed that female CFOs have no effect on earnings management.

The impact of the lack of female directors will make the practice of income smoothing cannot be minimized. The role of women in companies should be enlarged so that the same share of gender equality will improve a good company management system. The results of this study differ from those of Arun et al (2015), Razak & Helmy (2020) and Mardianto & Susanti (2022) which state that the presence of female directors influences earnings management.

Control variable
Cash Holding

Based on the first control variable in this study, it discusses the effect of cash holding on income smoothing. The results show that cash holding has no effect on income smoothing. This can be explained that the results of data analysis of BUMN companies that have a minimal average cash holding flow and BUMN companies that have a large average cash holding still indicate that they are both practicing income smoothing. In addition, state-owned companies in Indonesia are considered to have limited cash flow, which reflects an average cash holding company of 8.74%. This indicates that these companies do not have large funds. Therefore, to finance investment in new projects, companies will collect all existing cash or even use financing through loans or debt. The results of this study are in line with the results of research by Sumani et al (2022) and Sri Mara Eni & Suaryana (2018) which stated that cash holding has no effect on income smoothing practices. The results of this study are different from the results of research conducted by Natalie & Astika (2016), Dewi & Latrini (2016) and Widyantoro et al (2022) which state that cash holding has a significant effect on income smoothing.
Companies that have cash holdings are sought to be used as financing for the company’s operations as a whole. When cash holding has a relatively high level of cash holding it can be used as an investment fund and company development. This will minimize the practice of income smoothing.

**Bonus Plan**

Based on the second control variable in this study, namely testing the effect of the bonus plan on income smoothing. The test results show that the bonus plan has no effect on income smoothing. The results of this study do not support the agency theory which states that management prefers giving higher bonuses, causing management to choose accounting methods that can shift profits for the purpose of obtaining bonuses. Data collected from financial reports, entities that have a relatively high bonus plan level are not indicated for using income smoothing in the 2019-2021 period. However, companies that have a low bonus plan still have indications of using income smoothing. This proves that the amount of bonus received by management has no effect on income smoothing. The results of this study are in line with the results of research by Nimanggi & Muslih (2020) which states that bonus plans have no significant effect on income smoothing practices. The results of this study are also supported by the research of Natalie and Astika (2016) which says that the level of bonus plans does not affect income smoothing practices. The results of this study are different from the research results of Dewi & Suryanawa (2019) and Vikkatrisakti, I & Rahmi, A. (2023) which state that the bonus plan has an effect on income smoothing.

Companies that have bonus compensation are given to company management if they have reached the target of the company. When the company has a high level of profit the bonus that will be given is also higher. This will minimize the practice of income smoothing, bearing in mind that company management will choose a higher bonus.

**Profitabilitas**

Based on the third control variable in this study, namely testing the effect of profitability on income smoothing. The test results show that profitability has a significant negative effect on income smoothing. Acceptance of this control variable shows that the greater the profitability, the lower the income smoothing, conversely, the smaller the profitability, the higher the income smoothing. This result is in accordance with the existence of agency theory. Differences in interests between management and investors can trigger income smoothing practices, where management seeks to maximize its own interests. In this context, if the company is facing low profitability, management will tend to do income smoothing to improve performance and increase reported profits. However, when a company has high profitability, management is considered successful and can work well, so that the practice of income smoothing becomes less or unnecessary. The results of this study are in line with research conducted by Natalie & Astika (2016) and Devina Ramadhani et al (2021) which states that profitability has a significant negative effect on income smoothing. This result is also supported by the results of research by Angreini & Nurhayati (2022) and Widyantoro et al (2022) which state that profitability has an effect on income smoothing. The results of this study have differences with the research of Setyaningsih Tri et al (2021), Puspitasari et al (2018) which states that there is no effect on the level of company profitability on income smoothing.

Companies that have low profitability will tend to do income smoothing. This practice may involve the manipulation of financial data or the use of improper accounting methods to achieve certain goals, such as maintaining consistent annual profit growth. The practice of income smoothing actually does not violate general accounting guidelines. But this practice has a broader negative impact on investor confidence, company reputation and long-term value. Therefore, adopting a transparent and ethical approach to financial reporting is much more desirable in the long term.

**Independent commissioner**

Based on the fourth control variable in this study, namely testing the effect of independent commissioners on income smoothing. From the results of logistic regression testing, it was found
that the independent commissioner had a significant positive effect on income smoothing. Acceptance of this control variable indicates that the greater the independent commissioner, the higher the income smoothing, conversely the smaller the independent commissioner, the lower the income smoothing. These results can be explained that the process of selecting independent commissioners is used only to control the business and to fulfill the company's obligation to have 30% independent commissioners in its commissioners, even in state-owned companies the commissioners still have political nuances. According to data from kompas.id, the appointment of commissioners in BUMN has political overtones which shows that state corporate governance is still inseparable from political elements. The results of this study are in line with research conducted by Febriana et al (2018) which states that independent commissioners have a significant positive influence on earnings management practices. Supported by research conducted by Kustono (2021) and Solihah, S. & Rosdiana, M. (2022), the results show that the oversight mechanism of independent commissioners can reduce agency conflicts thereby reducing management actions to carry out income smoothing. In addition, research from Christella & Hendra (2022) provides evidence that independent commissioners have a significant effect on earnings management. The results of this study differ from research conducted by Rahmini & Panggabean (2019) and Taofik et al. (2022) found that independent commissioners have no significant effect on income smoothing.

Companies that have already gone IPO must have an independent board of commissioners of at least 30% of the total board of commissioners. The higher the board of commissioners should make the company's transparency also higher. This will minimize the practice of income smoothing by having an independent commissioner.

CONCLUSION

The results of this study indicate that female directors do not affect income smoothing. This is because there are still few state-owned companies that have female directors. In addition, companies that have female directors in their directors are still in the minority so in carrying out policies they do not have sufficient authority to influence decision making. The results of the control variables are cash holding, bonus plans, profitability, and independent commissioners. Cash holding and bonus plans do not affect income smoothing. Profitability has a significant negative effect on income smoothing and independent commissioners have a significant positive effect on income smoothing.

SUGGESTION

1. Practical advice: Earnings management practices with income smoothing cannot reflect the company's actual financial condition. Companies must consider improving the control system for accounting records and financial reporting as well as monitoring mechanisms in order to prevent the tendency to practice income smoothing practices. For investors, this research can provide consideration if they want to invest in a company so that the investor does not suffer losses.

2. Theoretical suggestions: This research only focuses on BUMN listed on the Indonesia Stock Exchange. There are still limited research objects, it is hoped that further research can use other company sector objects and broader companies, for example in BUMN companies as a whole. In addition, the year of observation can be extended for at least 5 years so that the samples obtained can better reflect whether there are income smoothing actions taken by the company. Variables can be added such as female board of commissioners or female internal audit.

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