

Jurnal Riset Akuntansi dan Keuangan

Journal homepage: <https://ejournal.upi.edu/index.php/JRAK/>



Moderation of Political Connections: Cash Holdings and Political Costs on Income Smoothing

Rara 'Azzah¹, Marhaendra Kusuma², Muhammad Alfa Niam³

Fakultas Ekonomi, Universitas Islam Kadiri, Indonesia

*Correspondence: E-mail: raraazzah02@gmail.com

ABSTRACT	INFO ARTIKEL
<p>This quantitative study aims to investigate the moderating effect of political connections on cash holdings, political costs, and income smoothing. The scope of this research encompasses mining enterprises that maintain a listing on the Indonesia Stock Exchange (IDX) during the quinquennium spanning 2019 to 2023. Using the purposive sampling technique, a total of 65 businesses were chosen as samples. To test the research hypothesis, Moderated Regression Analysis was used to analyze the data with the help of IBM SPSS Statistics 21 software. The study reveals that cash holdings do not affect income smoothing, while political costs significantly increase it. Political connections do not moderate the cash holding-income smoothing link, but they do strengthen the positive relationship between political costs and income smoothing. From the results of this research, the researchers advise investors to be more cautious with large companies because they are more susceptible to income smoothing techniques.</p> <p>© 2025 Kantor Jurnal dan Publikasi UPI</p>	<p>Article History: <i>Submitted/Received 01 January 2025</i> <i>First Revised 05 January 2025</i> <i>Accepted 13 January 2025</i> <i>First Available online 26 April 2025</i> <i>Publication Date 26 April 2025</i></p> <hr/> <p>Keyword: <i>Cash Holding; Income Smoothing; Political Connection; and Political Cost</i></p>

1. INTRODUCTION

Global competition is a hallmark of the current economic climate and has a significant impact on the survival of businesses. In the current business environment, companies must be able to win the competition with other businesses and maintain their operations. The company's financial situation in question greatly affects the company's ability to sustain its business and win every competition. The tool for examining financial conditions is the financial statement (Hastiwi et al., 2022). One of the most important components in business is the financial report. Financial statements are the primary source of financial data that can be used by stakeholders to make their economic decisions. The pressure to attract investor interest often drives company management to present financial statements that showcase more favorable financial performance, leading to frequent manipulation of financial statements within a company (Mahardini dan Juwita, 2018).

The phenomenon related to financial statement manipulation in Indonesia is the corruption case in the tin mining sector at PT Timah Tbk, which has become a major focus due to its detrimental impact on the country and the environment. Reported by www.temponewspttimahcase.co.id, it states that "The state's losses due to corruption at PT Timah Tbk reached a fantastic figure, amounting to around IDR 300 trillion. In the consolidated financial statements, Fina Eliani, the finance director of PT Timah Tbk, only mentioned transactions, margins, and profits. Fina explained that all transactions recorded in the company's financial statements have a margin difference. Fina stated that the testimony of the Head of the Accounting Division of PT Timah for the period 2017–2019, Ayup Safe'i, which stated that the rental of the PT Timah smelter amounted to IDR 1,9 trillion, with the selling price of tin metal per ton being IDR 266 billion, resulting in a profit of IDR 223 million billion, was not recorded in the company's financial system." Based on the PT Timah case, it is evident that there was manipulation when creating the financial statements for the business, particularly in the income statement, which did not reflect the actual profit value.

The profit value in the financial statements that does not match reality can trigger doubts among investors, which can encourage management to implement earnings management practices, such as income smoothing. Information regarding the profits obtained by the company is very important for investors in evaluating the company's potential to generate cash in the future. Profit information plays a very important role for investors, so management feels compelled to intervene in the financial reporting process. The goal is to create the perception that the reported profit has high standards and tends to be consistent over time. This behavior is known as income smoothing. According to Kusuma Kusuma (2023), income smoothing is the activity of leveling the profit value over several periods by reducing profit value fluctuations to achieve a constant profit value in each period. The motivation behind this practice is often driven by the asymmetry of information between owners and management, which opens up opportunities for management to manipulate accounting information for personal gain or to meet external expectations.

Based on agency theory, the relationship between the principal and the agent often involves conflicting interests that can trigger conflicts. The principal, as the party granting the mandate, delegates authority to the agent to make decisions in their interest (Jamaluddin & Enre, 2023). While the agent is required to run the business to increase its value, the principal provides facilities and funding. The agency theory views this relationship as a contract between the agent and the principal, where each individual has different interests and is driven to make decisions that benefit themselves. The parent entity owners dominate the company control rights due to significant differences in the number of shares they own

compared to non-controlling interests in the group entity's share structure. This could lead to conflicts of interest and information asymmetry within the group companies, which could result in biased financial reporting (Kusuma & Athori, 2023). There are several factors that can influence earnings management in companies, including cash holding, political costs, and political connections.

Cash holding is the cash owned by the company and used for its operational activities. According to Angreini & Nurhayati (2022), the high liquidity characteristic of cash holding allows companies to quickly allocate funds for various operational needs. Previous research conducted by Angreini & Nurhayati (2022) revealed a positive relationship between the level of cash holding and earnings management practices. However, contradictory findings were also reported by Fadillah & Luthan (2023), which indicated that the relationship was not always statistically significant.

Political costs are expenses incurred by companies due to data, transactions, and negotiation costs imposed by decision-makers and legislative bodies of government agencies. Some companies implement earnings smoothing strategies with the aim of minimizing the political costs they need to bear. As researched by Rahmadani, Wijayanti, et al. (2020), companies often reduce reported profits as an effort to improve relations with the government and avoid detrimental fiscal policies. Thus, companies can gain various advantageous benefits, such as tax burden reduction or ease in obtaining business permits. However, the research findings regarding the relationship between political costs and earnings management remain contradictory, as seen in the study by Rahmadani, Wijayanti, et al. (2020), which revealed a positive relationship, while the study by Rahmadani et al. (2020) revealed a negative relationship.

In this study, the political connection variable is used as a moderator. Political connections are the relationships between companies and political power, which can involve politically influential individuals, such as politicians or government officials. This variable is used to test if the company has a board of directors or company executives involved in political parties, government officials, or politicians (Ferdiawan dan Firmansyah, 2020). With the presence of political connections within a company, whether it will strengthen or weaken the relationship between cash holding and political costs on income smoothing practices. Political connections reflect the proximity of management to power, referring to the hexagon fraud theory (Vousinas, 2019), particularly the collusion dimension, where collusion is one of the causes of fraud. This is in line with the evidence provided by Wahyudi et al. (2024) that the existence of collusion strengthens the occurrence of earnings management and tax evasion, making it more appropriate for political connections to serve as a moderating variable rather than a mediating one. The use of the political connection variable as a moderator is reinforced by the research findings conducted by Ikhsan et al. (2021), Amelia et al. (2023) dan Watts & Zimmerman (1986).

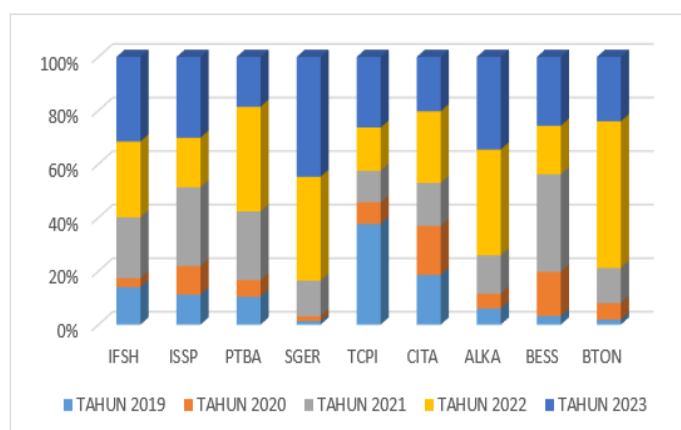


Figure 1. Net Profit of Mining Companies Listed on the IDX for the Period 2019-2023

Source: Data processed by the researcher, 2025

This research uses mining companies listed on the Indonesia Stock Exchange as its subjects. Mining companies are businesses that have experienced significant growth compared to other sectors and are one of the drivers of economic growth. Based on Figure 1, it can be seen that several mining companies, one of which is PT. Steel Pipe Industry of Indonesia Tbk (ISSP), show stable financial performance, particularly in the profits achieved from 2019 amounting to IDR 185M, 2020 amounting to IDR 175M, 2021 amounting to IDR 486M, 2022 amounting to IDR 305M, and 2023 amounting to IDR 498M. Based on the profit conditions achieved each year, it indicates that mining companies may be practicing earnings smoothing. Not only that, based on the case of PT Timah, mining companies also have a very high potential for losses to the state if not closely monitored. Therefore, the researcher is interested in studying the mining sector.

This research is not only motivated by the inconsistency of previous research results but also aims to fill the gap left by the study of Pramesti & Laili (2024), which focuses on the relationship between political connections and tax avoidance. In contrast, this study tests the hypothesis that political connections can also moderate the relationship between other variables, such as cash holding and political costs, with income smoothing practices. This research is expected to benefit the academic world in the field of financial accounting and can serve as a recommendation for further exploration of studies related to cash holding, political costs, income smoothing, and political connections. In addition, this will also make it easier for investors to make more accurate investment decisions to avoid losses in the future.

The Influence of Cash Holding on Income Smoothing

Company managers have full control over its finances; they can hold onto more money than is ideal, which would go against the interests of the shareholders, or they can squander the company's funds for their own purposes. Managers who have more money usually use it to increase their authority when minority shareholders have little ability to control their behavior.

This is consistent with agency theory (C. Jensen & H. Meckling, 1976), which leads to more earnings management activities and more agency conflicts between the two parties (managers and minority shareholders). High cash holding provides managers with the flexibility to smooth earnings, hide poor performance, or manipulate profits to meet their compensation targets. Previous research, as shown by Sumani et al. (2021), Angreini & Nurhayati (2022) and Apriliyani & Farwitawati (2021), indicates a consistent positive relationship between the level of cash holding and income smoothing practices. This

indicates that the larger the cash reserves held by the company, the higher the likelihood of management engaging in earnings manipulation.

H1: Cash Holding has a significant positive effect on income smoothing

The Influence of Political Costs on Income Smoothing

The political cost hypothesis argues that companies often engage in earnings smoothing practices to reduce the fiscal and regulatory burdens imposed by the government. According to Akhoondnejad et al. (2013), political costs, which encompass various types of expenditures related to government policies, are one of the main driving factors behind income smoothing. Large companies with higher levels of political involvement tend to be more vulnerable to discriminatory fiscal policies. To avoid this, large companies often choose to reduce reported profits, also noted that the size of the company can increase the company's exposure to government scrutiny and public demands, thereby encouraging the company to adopt earnings smoothing strategies (Watts & Zimmerman, 1990).

Based on agency theory (C. Jensen & H. Meckling, 1976), management as an agent acts to protect the company from political pressure and avoid potential losses that may arise from excessive attention. These actions do not always align with the best interests of shareholders who prefer higher profits even at the risk of greater political costs.

H2: Political Cost has a Significant Positive Effect on Income Smoothing

Political Connections Moderate Cash Holding on Income Smoothing

In line with agency theory (C. Jensen & H. Meckling, 1976), the principal and the agent have a conflict of interest because each person is driven by their own personal interests. The principal is driven to sign contracts to enrich themselves with continuously increasing profits. In terms of securing investments, loans, and compensation agreements, agents are encouraged to maximize the satisfaction of their psychological and financial demands.

This is exacerbated if the company has high cash holdings (Boubakri et al., 2013) and a poor corporate governance system (Chaney et al., 2011). Additionally, some companies pursue political goals that may not be optimal for shareholders and contradict the maximization of company value. This, combined with an inadequate corporate governance framework, can incentivize politically connected company executives to exploit their positions by allocating company funds for activities related to political agendas (Boubakri et al., 2013). To benefit the shareholders, company managers with political connections often conceal profit information regarding the use of excess company funds for political activities. This is because these managers are protected by the government and have easy access to credit and loans from banks (Ikhsan et al., 2021). Therefore, companies with large cash holdings and political connections are affected by an increase in income smoothing activities.

H3: Political Connections Strengthen the Relationship between Cash Holding and Income Smoothing

Political Connections Moderate the Political Cost of Income Smoothing

Companies with political connections often receive special treatment, such as tax breaks or protection from sanctions, which can reduce the political costs they have to bear (Rustiarini & Sudiartana, 2021). This condition encourages companies to engage in earnings smoothing practices as a strategy to maintain the stability of financial statements and avoid negative attention from regulators or other external parties (Ming Tee, 2020). Thus, political connections can strengthen the relationship between political costs and earnings

management, as companies leverage these connections to manage stakeholder expectations through financial statement manipulation.

The agency theory (C. Jensen & H. Meckling, 1976) highlights political connections provide opportunities for managers to receive special treatment, such as tax breaks, protection from strict regulations, or easy access to economic resources, which can reduce political cost pressures (Rustiarini & Sudiartana, 2021). However, these advantages are often exploited by managers for personal gain through earnings smoothing practices to conceal the actual information from owners or other stakeholders (Chaney et al., 2011). With the presence of political connections, the information asymmetry between the principal and the agent increases because managers feel protected from strict oversight, which can encourage financial statement manipulation practices (Faccio, 2006).

H4: Political Connections Strengthen the Relationship Between Political Costs and Earnings Smoothing

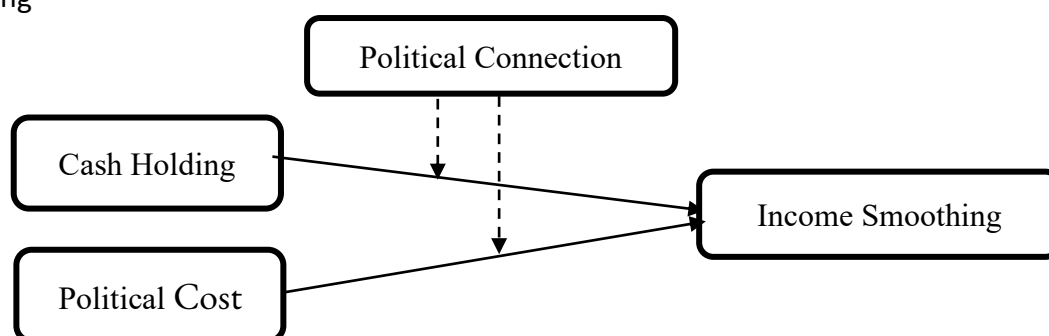


Figure 2. Research Conceptual Framework

2. METHODOLOGY

The type of research conducted is quantitative research on the influence of causality hypothesis with moderation variables. The mining businesses' 2019–2023 audited financial statements that are listed on the Indonesia Stock Exchange (IDX) serve as secondary data for this study. Direct connection to the IDX website (www.idx.co.id) was used to acquire the data. Purposive sampling is used in this investigation.

Table 1. Population and Sample Criteria

Sample Selection Criteria	Company
Mining Companies Listed on the IDX for the Period 2019-2023	63
(-) Financial Report in USD	(35)
(-) Did not publish financial statements on the IDX	(2)
(-) Financial Statements Not Audited	(3)
(-) The Company is in a Loss Situation	(10)
Number of Selected Sample Companies	13
Total Observation Data (13 Companies over 5 years)	65

To facilitate understanding and analysis, the following Table 2 explains the operationalization of each variable.

Table 2. Operational Variables and Measurement Scales

Variable	Measurement	Data Scale	Reference
Cash Holding (X1)	$CH = \frac{Cash + Cash\ Equivalents}{Total\ Assets}$	Ratio	(Opler et al., 1999)
Political Cost (X2)	$LSize = Ln (Total\ Assets)$	Ratio	(Sumani et al., 2021)

$$IS = \frac{CV\Delta LBSP}{CV\Delta PB}$$

<i>Income Smoothing (Y)</i>	Eckel Index <1, the company engages in earnings smoothing. Eckel Index >1, the company does not engage in earnings smoothing.	Variable Dummy	(Eckel, 1981)
<i>Political Connection</i>	Corporate Board with political connections = 1 Corporate Board not connected to politics = 0	Variable Dummy	(Pramesti & Laili, 2024)

Data analysis in this study uses “descriptive statistical techniques to describe the general characteristics of the data, including tests for normality, multicollinearity, heteroscedasticity, and autocorrelation to ensure that the data meet the requirements for regression analysis.” Moderated Regression Analysis is a statistical data analysis technique that considers the role of variables to strengthen or weaken the impact of variable X on variable Y. The testing was conducted using the IBM SPSS Statistics 21 software. Based on the moderation regression analysis model that has been designed to understand the relationship patterns between variables, the equation model can be formulated as follows:

$$IS_{i,t} = \alpha_0 + \alpha_1 CH_{i,t} + \alpha_2 PC_{i,t} + \varepsilon \quad (1)$$

$$IS_{i,t} = \alpha_0 + \alpha_3 CH_{i,t} + \alpha_4 PC_{i,t} + \alpha_5 PCn_{i,t} + \alpha_6 (CH*PCn)_{i,t} + \alpha_7 (PC*PCn)_{i,t} + \varepsilon \quad (2)$$

Explanation :

$IS_{i,t}$ = Income Smoothing during period t

$\alpha_1 - \alpha_7$ = Koefisien variable

$CH_{i,t}$ = Cash Holding during period t

$PC_{i,t}$ = Political Cost during period t

$PCn_{i,t}$ = Political Connection during period t

3. RESULT AND DISCUSSION

Table 3 presents a list of companies that are the subjects of the research along with the calculation results related to the research variables. This data includes companies that meet the sample criteria.

Table 3. List of Companies and Calculation Results

No	Company Name	Period	CH	PC	IS	PCN
1	PT Artha Mahiya Investama Tbk (AIMS)	2019	0,00012	23,587	0	1
		2020	0,00330	23,757	0	1
		2021	0,03577	23,882	0	1
		2022	0,06288	24,101	0	1
		2023	0,00135	22,081	0	1
2	PT Alakasa Industrindo Tbk (ALKA)	2019	0,46972	27,128	0	0
		2020	0,43268	26,760	0	0
		2021	0,49757	26,937	0	0
		2022	0,66982	27,183	0	0
		2023	0,93043	26,551	0	0
3		2019	0,02800	27,182	1	1

	PT Sumber Global Energy Tbk (SGER)	2020	0,02961	27,254	1	0
		2021	0,09993	27,844	1	0
		2022	0,11528	28,846	1	0
		2023	0,06467	29,152	1	0
4	PT Betonjaya Manunggal Tbk (BTON)	2019	0,72399	26,164	1	0
		2020	0,75974	26,182	1	0
		2021	0,65704	26,324	1	0
		2022	0,00139	26,566	1	0
		2023	0,00241	26,614	1	0
5	PT Ifishdeco Tbk (IFSH)	2019	0,02420	27,809	0	0
		2020	0,02912	27,757	0	0
		2021	0,03149	27,639	0	0
		2022	0,08884	27,722	0	0
		2023	0,13509	27,701	0	0
6	PT Batulicin Nusantara Maritim Tbk (BESS)	2019	0,01527	27,067	1	1
		2020	0,07187	27,154	1	1
		2021	0,06107	27,227	1	1
		2022	0,18278	27,373	1	1
		2023	0,16864	27,260	1	1
7	PT Transcoal Pacific Tbk (TCPI)	2019	0,07834	28,755	1	1
		2020	0,01240	28,643	1	1
		2021	0,04618	28,677	1	1
		2022	0,02820	28,664	1	1
		2023	0,02075	28,886	1	1
8	PT Bukit Asam Tbk (PTBA)	2019	0,18227	30,893	1	1
		2020	0,18045	30,811	1	1
		2021	0,12164	31,218	1	1
		2022	0,15499	31,446	1	1
		2023	0,10677	31,289	1	1
9	PT Steel Pipe Industry of Indonesia Tbk (ISSP)	2019	0,03409	29,491	1	0
		2020	0,00980	29,435	1	0
		2021	0,00706	29,591	1	0
		2022	0,00678	29,633	1	0
		2023	0,02220	29,707	1	0
10	PT Cita Mineral Investindo Tbk (CITA)	2019	0,03227	28,982	1	0
		2020	0,04675	29,052	1	0
		2021	0,03889	29,091	1	0
		2022	0,06385	29,390	1	0
		2023	0,07639	29,459	1	0
11	PT Eksploitasi Energi Indonesia Tbk (CNKO)	2019	0,02416	28,123	0	1
		2020	0,03635	27,736	0	1
		2021	0,02714	27,819	0	1
		2022	0,06686	27,532	0	1
		2023	0,11931	27,607	0	1
12	PT Indal Aluminium Industry Tbk (INAI)	2019	0,04152	27,824	0	1
		2020	0,07250	27,965	0	1

		2021	0,02939	28,069	0	1
		2022	0,07039	27,810	0	1
		2023	0,02715	27,715	0	1
13	PT Mitra Investindo Tbk (MITI)	2019	0,04611	25,722	0	0
		2020	0,07652	25,289	0	0
		2021	0,46724	25,081	0	1
		2022	0,27585	26,887	0	1
		2023	0,30735	26,928	0	1

Table 4. Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
Cash Holding	65	0,00012	0,93043	0,1438766	0,21158333
Political Cost	65	22,081	31,446	27,69268	1,857401
Valid N (listwise)	65				

Source: SPSS v21 (2025)

Based on Table 4, the cash holding levels of the sample companies vary significantly, with the lowest value being 0.00012 while the highest value reaches 0.93043. This indicates a significant difference in cash management policies among the companies. The average cash holding of the 65 sampled companies is 0.144, with a standard deviation of 0.212, indicating a fairly wide data spread.

The Political Cost variable has the lowest value of 22.081 and the highest value of 31.446, which means that among all the companies studied, the lowest expenditure for political costs in a company is 22.081, incurred by PT Artha Mahiya Investama Tbk, while the highest expenditure for political costs in a company reaches 31.446, incurred by PT Bukit Asam Tbk. The average value of 27.693 indicates that the average political cost in the company from 65 respondents is 27.693 with a standard deviation of 1.857.

Table 5. Descriptive Statistics Income Smoothing

Explanation	Frequency	%
Not engaging in Income Smoothing	35	55%
Performing Income Smoothing	30	45%
Total	65	100%

Source: SPSS v21 (2025)

Based on Table 5, the analysis results show that the majority of the sample companies, amounting to 55%, tend to engage in earnings smoothing practices. This indicates that earnings smoothing practices are quite common among the companies studied.

Table 6. Descriptive Statistics Political Connection

Explanation	Frequency	%
Political Connection	34	54%
Non-Political Connection	31	46%
Total	65	100%

Source: SPSS v21 (2025)

Table 6 shows that more companies have political connections than companies that do not have political connections. Of the 65 samples indicated to have political connections, 54% had them, while 46% of the samples did not indicate any political connections.

Table 7. Results of the Classical Assumption Test

Variable	Normality Test		Multicollinearity Test		Heteroskedasticity Test		Autocorrelation Test
	Asymp. Sig. (2-tailed)	Alpha	Nilai Tolerance	Nilai VIF	Sig.	Alpha	Durbin Watson
Cash Holding	0,148	0,05	0,892	1,121	0,200	0,05	1,842
Political Cost			0,950	1,052	0,107	0,05	
Political Con			0,918	1,090	0,738	0,05	

Source: SPSS v21 (2025)

From Table 7, it shows that in the test against the unstandardized residual, an asymptotic significance of > 0.05 was obtained. It can be concluded that the data is normally distributed according to the testing criteria. "The multicollinearity test shows that no independent variables exhibit a tolerance value > 0.10 and a VIF value < 10, indicating the absence of multicollinearity among the independent variables in the regression model." The Glejser test reveals that no independent variables significantly affect the dependent variable of the absolute value of the residuals. The probability sig >5%, so it can be concluded that the regression model is not heteroskedastic. Based on Table 5, it is known that the DW value of 1.842 is greater than the upper bound (du) of 1.53, thus it can be concluded that there is no autocorrelation.

Table 8. Results of the Moderated Regression Analysis

Variable	Hypothesis	Regression Coefficient		Value of t		Probability (sig)		Exp
		E1	E2	E1	E2	E1	E2	
Constant		-3,455	-4,595	-4,186	-2,316	0,000	0,024	
CH	H1, H3	-0,042	0,042	-0,161	0,124	0,873	0,902	Rejected
PC	H2, H4	0,144	0,187	4,901	2,672	0,000	0,010	Accepted
PCn			1,448		0,660		0,512	
CH*PCn			-0,433		-0,525		0,602	
PC*PCn			-0,054		-0,697		0,489	
F			0,05				3,14	
R Square		0,289	0,309					
Adjusted R Square		0,266	0,251					

Source: SPSS v21 (2025)

Exp = E1: Equation 1, E2: Equation 2

The Regression Equation is formed as follows:

$$IS_{i,t} = -3,455 - 0,042 CH_{i,t} + 0,144 PC_{i,t} + \varepsilon$$

$$IS_{i,t} = -4,595 + 0,042 CH_{i,t} + 0,187 PC_{i,t} + 1,448 PCn_{i,t} - 0,433 (CH*PCn)_{i,t} - 0,054 (PC*PCn)_{i,t} + \varepsilon$$

Coefficient of Determination Test (R² Test)

The results of the regression analysis show that the variables of cash holding and political cost together can only explain about 26.6% of the total variance in income smoothing. This indicates that there are other factors outside the model that also play an important role in influencing earnings smoothing practices. When the political connection variable was added as a moderating variable, the model's ability to explain data variance only slightly increased

to 25.1%. These findings indicate that although cash holding, political cost, and political connection influence income smoothing, the relationship remains limited.

Cash Holding Does Not Affect Income Smoothing

The first hypothesis test's findings show that cash holding and income smoothing techniques have no bearing on one another. The significance value obtained is 0.873, far above the 5% significance level. Therefore, **H1 is rejected**, which means that the amount of cash holding or the cash ownership held by the company will not affect the company's management in performing income smoothing. The results of this study are in line with the findings of Sumani et al. (2021), Lukman Suryadi (2018), Widyantoro et al. (2023), Afninofia et al. (2023) and Fadillah & Luthan (2023). Companies that have cash are expected to use it as financing for the overall operations of the company (Widyantoro et al., 2023). This finding implies that the company's cash assets are strictly allocated towards operational expenditures, fulfillment of financial commitments, and distribution of dividends. As a result, the size of the company's cash reserves does not impact the probability of engaging in income smoothing (Afninofia et al., 2023).

The findings of this investigation run counter to those of Apriliyani & Farwitawati (2021) dan Angreini & Nurhayati (2022), which indicate that there is an influence between cash holding and income smoothing. High cash holding provides reliable indications to investors regarding how well management performs in maintaining the stability of the company's cash flow (Apriliyani & Farwitawati, 2021). Thus, high cash holding allows company managers to smooth earnings.

This result also contradicts agency theory (C. Jensen & H. Meckling, 1976), which explains that high cash holding provides flexibility for managers to smooth earnings. Meanwhile, the fact from this study is that the level of cash holding cannot be a benchmark for whether managers will engage in income smoothing. Managers may accumulate cash holdings to finance externally, such as debt repayment or issuing new shares (Sumani et al., 2021).

The implication for mining companies, specifically PT Bukit Asam Tbk (PTBA), which has high cash holdings, is indicated not to engage in income smoothing. Meanwhile, PT Steel Pipe Industry of Indonesia Tbk (ISSP), which has low cash holding, is indicated to be engaging in income smoothing practices. If we look at the cash flow of both companies, PT Bukit Asam Tbk (PTBA) spends more cash to fund company activities, pay obligations, and purchase fixed assets. This serves as evidence that the size of cash holding is not a benchmark for managers in practicing income smoothing.

Political Cost Has a Positive Impact Significant towards Income Smoothing

The statistical analysis of the second hypothesis yielded results that significantly affirm the hypothesized positive relationship between political costs and income smoothing behaviors. Specifically, the regression coefficient of 0.144, coupled with a significance level (sig.t) of 0.000 for the political cost variable—below the $\alpha = 0.05$ threshold—provides compelling evidence for the acceptance of the second hypothesis (H2). This finding suggests a direct correlation: firms experiencing elevated political costs, typically larger entities, demonstrate a greater propensity to engage in income smoothing practices, while those facing lower political costs, commonly smaller firms, exhibit a reduced inclination towards such financial reporting strategies. This outcome is consistent with the study carried out by Oktomegah (2012), Sumani et al. (2021), and Edwita & Kusumawati (2022). The government and society tend to scrutinize large companies more closely. The government can be persuaded to demand greater public services and raise taxes on businesses if large companies

enjoy relatively stable revenues (Oktomegah, 2012). To reduce political costs, companies usually smooth earnings by lowering profits or reporting costs that are higher than the actual costs (acquisition value) (Sumani et al., 2021).

Agency theory validates the study's findings (C. Jensen & H. Meckling, 1976), which states that managers will strive to reduce profit fluctuations to avoid political costs and enhance the stability of the company in the eyes of regulators and shareholders. However, this can also lead to a conflict of interest between managers and shareholders, where managers might act more for personal interests (reducing political risk) rather than optimizing the long-term value of the company. Significant profit fluctuations can attract the attention of regulators and increase the risk of incurring higher political costs, such as stricter fiscal policies and oversight (Akhoondnejad et al., 2013).

These results contradict the findings of Sarwinda et al. (2015), and Jayanti (2016) stated that political costs do not affect income smoothing. In order to appear to perform well and gain more trust, especially from shareholders, large companies submit financial statements that are not overly conservative as part of their need to disclose profits to the public (Jayanti & Sapari, 2016).

The implication for mining companies, such as PT Bukit Asam Tbk (PTBA), which has large assets, makes the company more vulnerable to political risk or political costs, so the company tends to engage in income smoothing to reduce political costs. On the other hand, PT Artha Mahiya Investama Tbk (AIMS), which has a small asset size, tends not to incur political costs, so the company does not need to engage in income smoothing practices. This shows that the magnitude of political costs or the amount of assets in a company influences the manager's decision to engage in income smoothing practices.

Political Connection Cannot Moderate the Relationship Between Cash Holding and Income Smoothing

The fourth hypothesis test results show that the association between cash holding and income smoothing cannot be moderated by political connection. The testing of this hypothesis is shown by the regression coefficient of equation 1, which is (0.042) and does not increase at all after the addition of the moderation variable in equation 2 and is not significant. Therefore, **H3 is rejected**, which means that political connection cannot influence the size of cash holding for income smoothing. The findings of this study are in line with the previous studies by Purwanto & Wijaya (2022) and Pramesti & Laili (2024). Politicians serving as commissioners or on the board of directors of a company tend to avoid controversy because they feel responsible for their positions and political roles. It can be said that political ties prevent majority owners from abusing their control rights and taking advantage of cash holdings for personal gain (Purwanto & Wijaya, 2022). Companies with political ties usually refrain from engaging in financial manipulation practices; in other words, political ties will result in more money being paid to the government (Pramesti & Laili, 2024).

The research findings are not in line with the findings of Ikhsan et al. (2021), which explain that cash holdings that enhance real earnings management are more common in companies with political connections.

These results also contradict agency theory (C. Jensen & H. Meckling, 1976), which explains that one of the control tools that can enhance stakeholder trust is a politically oriented board of directors and commissioners. Thus, political ties will enhance and reduce agency conflicts among management, minority owners, and majority shareholders (Widodo & Fanani, 2020). Benmelech & Frydman (2015) argue that there are only a few cases of fraud

or other moral hazard behaviors because politically oriented directors and commissioners tend to make more conservative decisions.

Political Connection Strengthens the Relationship between Political Cost and Income Smoothing

The results of the fourth hypothesis test show that political connection strengthens the relationship between political cost and income smoothing. The testing of this hypothesis is indicated by the regression coefficient, which increased from 0.144 to 0.187 and is significant at the 1% level. Therefore, **H4 is accepted**, which means that political connection can influence the magnitude of political cost for income smoothing. These findings are consistent with the research conducted by Amelia et al. (2023) and Watts & Zimmerman (1986). Large companies tend to face higher political costs compared to small companies (Watts & Zimmerman, 1986). The company will leverage its current political connections to reduce tax obligations (Amelia et al., 2023). If in the context of this research, the company will utilize political connections to reduce political costs in order to facilitate its actions for income smoothing.

The research results align with agency theory (C. Jensen & H. Meckling, 1976), which states that political connections strengthen the relationship between political costs and income smoothing by creating additional incentives for managers to prioritize earnings stability amid political pressure. Income smoothing practices triggered by political connections can weaken corporate governance mechanisms. Although these practices may benefit management in the short term, in the long run, they can harm shareholders. Therefore, it is important to have more effective governance mechanisms to ensure that political connections are not misused for personal purposes and that shareholder interests are maintained. In this situation, the company prefers income smoothing practices to hide the actual political costs and maintain the expected earnings performance.

The findings of this investigation run counter to those of Amelia et al. (2023). Companies with high leverage usually do not engage in tax avoidance, which helps them maintain a positive reputation in the eyes of creditors. The company decided not to use their political connections to reduce tax liabilities.

4. CONCLUSION

The research confirms that cash holdings don't influence income smoothing, as they're used for operations, debt, and dividends. However, political costs significantly increase income smoothing. Big businesses with substantial political expenses often smooth earnings to minimize profit swings and keep authorities from taking notice. These results support agency theory, which states that managers strive to reduce political risk to maintain the stability of the company.

This study also found that political connections cannot moderate the relationship between cash holding and income smoothing practices. This indicates that political connections do not influence managers' decisions in using cash holding for income smoothing. The empirical evidence indicates that political connections reinforce the positive association between political costs and income smoothing. Specifically, firms possessing political ties are inclined to exploit these relationships to both attenuate political costs and engage in income smoothing practices. This observation is congruent with agency theory, which postulates that political connections generate incentives for managerial behavior aimed at preserving earnings stability in the face of political exigencies.

Considering the study's research findings, mining companies must ensure that cash holdings are used optimally to fund operational activities and that managerial decisions are based on the long-term interests of the company and its shareholders. Auditors must consider political risks in the audited company, especially for large companies that may be affected by political costs, as this can help them identify potential financial statement manipulation. Additionally, investors who are going to invest in the company need to pay attention to the amount of the company's assets, because from this research, companies with large assets are vulnerable to income smoothing practices, so the profits shown in the financial statements may not reflect the actual amount.

Suggestions for future researchers are to consider using research subjects from other company sectors, such as manufacturing companies with various sectors, to obtain more in-depth results. Additionally, it is hoped that future researchers can add variables beyond those used in this study, such as financial performance variables like Return On Assets (ROA) or Return On Equity (ROE), to investigate how managerial choices about the company's financial performance are influenced by cash holding and income smoothing practices, or variables related to corporate governance.

5. REFERENCES

- Afninofia, Haryati, R., & Putri, S. Y. A. (2023). Pengaruh Cash Holding, Ukuran Perusahaan, dan Financial Leverage Terhadap Income Smoothing (Studi Empiris Pada Perusahaan Properti dan Real Estate yang Terdaftar di BEI Periode 2017 - 2019). *Pareso Jurnal*, 5(2), 89–106. <https://ejurnal-unespadang.ac.id/index.php/PJ/article/view/928>
- Akhoondnejad, J., Garkaz, M., & Shoorvarzi, M. (2013). Political Cost Factors Affecting Income Smoothing Evidence from Tehran Stock Exchange (TSE) Terjemahan. *Interdisciplinary Journal of Contemporary Research in Business*, Vol 5, No, 341–350. <https://doi.org/https://doi.org/10.33795/jabh.v10i1.4128>
- Amelia, V., Ernawati, W. D., & Setiawan, M. A. (2023). Pengaruh Ukuran Perusahaan, Financial Distress, Dan Leverage Terhadap Agresivitas Pajak Dengan Political Connection Sebagai Variabel Moderasi. *Jurnal Akuntansi Bisnis Dan Humaniora*, 10(01), 47–55. <https://doi.org/https://doi.org/10.33795/jabh.v10i1.4128>
- Angreini, V., & Nurhayati, I. (2022). Pengaruh Leverage, Profitabilitas, Size, Nilai Saham, Cash Holding , dan Bonus Plan terhadap Perataan Laba. *Owner: Riset & Jurnal Akuntansi*, 6(1), 123–135. <https://doi.org/10.33395/owner.v6i1.539>
- Apriliyani, I. berty, & Farwitawati, R. (2021). Income Smoothing Sektor Pertambangan Di Bursa Efek Indonesia (Bei). *Jurnal Ilmiah Ekonomi Dan Bisnis*, 18(2), 189–194. <https://doi.org/10.31849/jieb.v18i2.7295>
- Benmelech, E., & Frydman, C. (2015). Military CEO's (Terjemahan). *Journal of Financial Economics*, 117(1), 43–59. <https://doi.org/https://doi.org/10.1016/j.jfineco.2014.04.009>
- Boubakri, N., El Ghouli, S., & Saffar, W. (2013). Cash Holdings of Politically Connected Firms (Terjemahan). *Journal of Multinational Financial Management*, 23(4), 338–355. <https://doi.org/10.1016/j.mulfin.2013.06.002>

- C. Jensen, M., & H. Meckling, W. (1976). THEORY OF THE FIRM: MANAGERIAL BEHAVIOR, AGENCY COSTS AND OWNERSHIP STRUCTURE (Terjemahan). *Journal of Financial Economics*, 3, 305–360. <https://doi.org/10.1057/9781137341280.0038>
- Chaney, P. K., Faccio, M., & Parsley, D. (2011). The Quality of Accounting Information in Politically Connected Firms. *Journal of Accounting and Economics*, 51(1–2), 58–76. <https://doi.org/10.1016/j.jacceco.2010.07.003>
- Eckel, N. L. (1981). The Income Smoothing Hypotesis Revisited. *Abacus*, 17, 28–40. <https://doi.org/10.1111/J.1467-6281.1981.TB00099.X>
- Edwita, R., & Kusumawati, R. (2022). *Pengaruh Bonus Plan, Debt Covenant, dan Political Cost Terhadap Income Smoothing (Studi Empiris pada Sektor Infrastruktur, Utilitas, dan Transportasi Tahun 2015 S.D. 2019)*. 1(2), 64–79. <https://doi.org/https://doi.org/10.54957/akuntansiku.v1i2.186>
- Faccio, M. (2006). POLITICALLY CONNECTED FIRMS (Terjemahan). *American Economic Review*, 96(1), 369–386. <https://doi.org/10.1257/000282806776157704>
- Fadillah, S., & Luthan, E. (2023). Praktek Income Smoothing Ditinjau dari Cash Holding, Bonus Plan, Kepemilikan Institusional dan Profitabilitas. *Jurnal Akademi Akuntansi*, 6(3), 400–418. <https://doi.org/10.22219/jaa.v6i3.28155>
- Ferdiawan, Y., & Firmansyah, A. (2020). Pengaruh Political Connection, Foreign Activity, dan Real Earnings Management Terhadap Tax Avoidance. *Jurnal Riset Akuntansi Dan Keuangan*, 5(3), 1601–1624. <https://doi.org/https://doi.org/10.17509/jrak.v5i3.9223>
- Hastiwi, M., Novilasari, E. D., & Nugroho, N. T. (2022). Pentingnya Laporan Keuangan Dalam Menilai Kinerja Keuangan Pada Perusahaan. *Prosiding Seminar Nasional Hukum, Bisnis, Sains Dan Teknologi*, 3(1), 16–24. <https://ojs.udb.ac.id/index.php/HUBISINTEK/article/view/2630>
- Ikhsan, Faisal, & Firman Hastuti, C. S. (2021). Pengaruh Kepemilikan Kas Terhadap Manajemen Laba Riil Dengan Koneksi Politik Sebagai Variabel Moderasi. *Akbis: Media Riset Akuntansi Dan Bisnis*, 5(1), 51. <https://doi.org/10.35308/akbis.v5i1.3652>
- Jamaluddin, & Enre, A. (2023). Konstruksi Agency Theory untuk Meminimalisir Asymmetry Information dalam Teori Keuangan Syariah Perspektif Tabligh. *POINT: Jurnal Ekonomi Dan Manajemen*, 5(2), 163–171. <https://doi.org/10.46918/point.v5i2.2092>
- Jayanti, A., & Sapari. (2016). Pengaruh Positive Accounting Theory, Profitabilitas Dan Operating Cash Flow Terhadap Penerapan Konservatisme. *Jurnal Ilmu Dan Riset Manajemen*, 5(10), 1–17. <https://jurnalmahasiswa.stiesia.ac.id/index.php/jirm/article/view/1339>
- Kusuma, M. (2023). Can the Reclassification of Other Comprehensive Income Narrow the Opportunities for Creative Accounting: Earnings Management and Income Smoothing? (Terjemahan). *Jurnal Akuntansi Dan Keuangan*, 25(1), 25–38. <https://doi.org/https://doi.org/10.9744/jak.25.1.25-38>
- Kusuma, M., & Athori, A. (2023). Can Income and Equity Attribution Minimize Agency Costs? (Effect of Attribution Policy on Earnings Management and Firm Value) - Terjemahan.

Proceeding Medan International Conference Economics and Business (MICEB),
1(January), 1627–1637.
<https://proceeding.umsu.ac.id/index.php/Miceb/article/view/308>

- Lukman Suryadi, W. S. (2018). Faktor-Faktor Yang Mempengaruhi Income Smoothing Pada Perusahaan Manufaktur Periode 2014-2016. *Jurnal Ekonomi*, 23(3), 347. <https://doi.org/10.24912/je.v23i3.422>
- Mahardini, N. Y. M. Y., & Juwita, N. (2018). Menguji Dampak Net Profit Margin, Debt To Equity Ratio, Dan Return on Asset Pada Praktik Perataan Laba. *Jurnal Akuntansi : Kajian Ilmiah Akuntansi (JAK)*, 5(2), 87. <https://doi.org/10.30656/jak.v5i2.665>
- Ming Tee, C. (2020). Political Connections and Income Smoothing: Evidence of Institutional Investors' Monitoring in Malaysia (Terjemahan). *Journal of Multinational Financial Management*, 55, 1–18. <https://doi.org/https://doi.org/10.1016/j.mulfin.2020.100626>
- Oktomegah, C. (2012). Faktor-Faktor Yang Mempengaruhi Penerapan Konservatisme Pada Perusahaan Manufaktur Di Bei. *Jurnal Ilmiah Mahasiswa Akuntansi*, 1(1), 37. <https://doi.org/https://doi.org/10.33508/jima.v1i1.10>
- Opler, T., Pinkowitz, L., Stulz, R., & Williamson, R. (1999). The Determinants and Implications of Corporate Cash Holdings. In *Journal of Financial Economics* (Vol. 52, Issue 1, pp. 3–46). [https://doi.org/10.1016/s0304-405x\(99\)00003-3](https://doi.org/10.1016/s0304-405x(99)00003-3)
- Pramesti, W. C., & Laili, T. F. (2024). Peran Moderasi Koneksi Politik dalam Pengaruh Multinasionalitas terhadap Penghindaran Pajak. *Jurnal Akademi Akuntansi*, 7(2), 200–210. <https://doi.org/10.22219/jaa.v7i2.31579>
- Purwanto, C. G., & Wijaya, H. (2022). Cash holdings, struktur modal, dan ekspropriasi: political connection dan efektivitas dewan komisaris sebagai moderator. *Jurnal Akuntansi Aktual*, 9(1), 43–54. <https://doi.org/10.17977/um004v9i12022p043>
- Rahmadani, F., Wijayanti, A., & Fajri, R. N. (2020). Pengaruh Biaya Politik, Cash Holding, dan Kualitas Auditor terhadap Income Smoothing. *Ekonomis: Journal of Economics and Business*, 4(1), 113. <https://doi.org/10.33087/ekonomis.v4i1.96>
- Rustiarini, N. W., & Sudiartana, I. M. (2021). Board Political Connection and Tax Avoidance: Ownership Structure as A Moderating Variable (Terjemahan). *Jurnal Dinamika Akuntansi Dan Bisnis*, 8(2), 128–144. <https://doi.org/https://doi.org/10.24815/jdab.v8i2.20760>
- Sarwinda, Prilly, & Arfiyenti, M. (2015). Pengaruh Cash Holding, Political Cost, dan Nilai Perusahaan Terhadap Tindakan Perataan Laba (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di BEI 2009-2013). *Seminar Nasional Ekonomi Manajemen Dan Akuntansi (SNEMA)*.
- Sumani, S., Roziq, A., & Annisa, W. (2021). Praktik Income Smoothing Pada Perusahaan Sektor Pertanian Di Bei. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, 5(1), 118–137. <https://doi.org/10.24034/j25485024.y2021.v5.i1.4801>
- Vousinas, G. L. (2019). Advancing Theory of Fraud: The S.C.O.R.E. Model (Terjemahan). *Journal of Financial Crime*, 26(1), 372–381. <https://doi.org/10.1108/JFC-12-2017-0128>

- Wahyudi, M., Sari, H. P., & Kusuma, M. (2024). Kualitas Auditor sebagai Pemoderasi Hexagon Fraud Theory, Fraudulent Financial Statement & Tax Avoidance. *Ekuivalensi: Jurnal Ekonomi Bisnis*, 10(2), 325–338. <https://doi.org/https://doi.org/10.51158/g2scqk15>
- Watts, R. L., & Zimmerman, J. L. (1986). Positive Accounting Theory. In *The Accounting Review* (Vol. 65, Issue 1, pp. 131–156). <https://faculty.etsu.edu/POINTER/watts&zimmerman2.pdf>
- Watts, R. L., & Zimmerman, J. L. (1990). Positive Accounting Theory (Terjemahan). *The Accounting Review*, 65(1), 131–156. <https://www.jstor.org/stable/247880>
- Widodo, A., & Fanani, Z. (2020). Military Background, Political Connection, Audit Quality And Earning Quality. *Jurnal Akuntansi*, 24(1), 84–99. <https://doi.org/10.24912/ja.v24i1.658>
- Widyantoro, D. A., Sumarsono, H., & Marsiwi, D. (2023). Effect of Female Directors on Income Smoothing. *Jurnal Proaksi*, 10(3), 382–396. <https://doi.org/10.32534/jpk.v10i3.4264>
- Afninofia, Haryati, R., & Putri, S. Y. A. (2023). Pengaruh Cash Holding, Ukuran Perusahaan, dan Financial Leverage Terhadap Income Smoothing (Studi Empiris Pada Perusahaan Properti dan Real Estate yang Terdaftar di BEI Periode 2017 - 2019). *Pareso Jurnal*, 5(2), 89–106. <https://ejurnal-unespadang.ac.id/index.php/PJ/article/view/928>
- Akhoondnejad, J., Garkaz, M., & Shoorvarzi, M. (2013). Political Cost Factors Affecting Income Smoothing Evidence from Tehran Stock Exchange (TSE) Terjemahan. *Interdisciplinary Journal of Contemporary Research in Business*, Vol 5, No, 341–350. <https://doi.org/https://doi.org/10.33795/jabh.v10i1.4128>
- Amelia, V., Ernawati, W. D., & Setiawan, M. A. (2023). Pengaruh Ukuran Perusahaan, Financial Distress, Dan Leverage Terhadap Agresivitas Pajak Dengan Political Connection Sebagai Variabel Moderasi. *Jurnal Akuntansi Bisnis Dan Humaniora*, 10(01), 47–55. <https://doi.org/https://doi.org/10.33795/jabh.v10i1.4128>
- Angreini, V., & Nurhayati, I. (2022). Pengaruh Leverage, Profitabilitas, Size, Nilai Saham, Cash Holding , dan Bonus Plan terhadap Perataan Laba. *Owner: Riset & Jurnal Akuntansi*, 6(1), 123–135. <https://doi.org/10.33395/owner.v6i1.539>
- Apriliyani, I. berty, & Farwitawati, R. (2021). Income Smoothing Sektor Pertambangan Di Bursa Efek Indonesia (Bei). *Jurnal Ilmiah Ekonomi Dan Bisnis*, 18(2), 189–194. <https://doi.org/10.31849/jieb.v18i2.7295>
- Benmelech, E., & Frydman, C. (2015). Military CEO's (Terjemahan). *Journal of Financial Economics*, 117(1), 43–59. <https://doi.org/https://doi.org/10.1016/j.jfineco.2014.04.009>
- Boubakri, N., El Ghouli, S., & Saffar, W. (2013). Cash Holdings of Politically Connected Firms (Terjemahan). *Journal of Multinational Financial Management*, 23(4), 338–355. <https://doi.org/10.1016/j.mulfin.2013.06.002>
- C. Jensen, M., & H. Meckling, W. (1976). THEORY OF THE FIRM: MANAGERIAL BEHAVIOR, AGENCY COSTS AND OWNERSHIP STRUCTURE (Terjemahan). *Journal of Financial Economics*, 3, 305–360. <https://doi.org/10.1057/9781137341280.0038>

- Chaney, P. K., Faccio, M., & Parsley, D. (2011). The Quality of Accounting Information in Politically Connected Firms. *Journal of Accounting and Economics*, 51(1–2), 58–76. <https://doi.org/10.1016/j.jacceco.2010.07.003>
- Eckel, N. L. (1981). The Income Smoothing Hypotesis Revisited. *Abacus*, 17, 28–40. <https://doi.org/10.1111/J.1467-6281.1981.TB00099.X>
- Edwita, R., & Kusumawati, R. (2022). Pengaruh Bonus Plan, Debt Covenant, dan Political Cost Terhadap Income Smoothing (Studi Empiris pada Sektor Infrastruktur, Utilitas, dan Transportasi Tahun 2015 S.D. 2019). 1(2), 64–79. <https://doi.org/https://doi.org/10.54957/akuntansiku.v1i2.186>
- Faccio, M. (2006). POLITICALLY CONNECTED FIRMS (Terjemahan). *American Economic Review*, 96(1), 369–386. <https://doi.org/10.1257/000282806776157704>
- Fadillah, S., & Luthan, E. (2023). Praktek Income Smoothing Ditinjau dari Cash Holding, Bonus Plan, Kepemilikan Institusional dan Profitabilitas. *Jurnal Akademi Akuntansi*, 6(3), 400–418. <https://doi.org/10.22219/jaa.v6i3.28155>
- Ferdiawan, Y., & Firmansyah, A. (2020). Pengaruh Political Connection, Foreign Activity, dan Real Earnings Management Terhadap Tax Avoidance. *Jurnal Riset Akuntansi Dan Keuangan*, 5(3), 1601–1624. <https://doi.org/https://doi.org/10.17509/jrak.v5i3.9223>
- Hastiwi, M., Novilasari, E. D., & Nugroho, N. T. (2022). Pentingnya Laporan Keuangan Dalam Menilai Kinerja Keuangan Pada Perusahaan. *Prosiding Seminar Nasional Hukum, Bisnis, Sains Dan Teknologi*, 3(1), 16–24. <https://ojs.udb.ac.id/index.php/HUBISINTEK/article/view/2630>
- Ikhsan, Faisal, & Firman Hastuti, C. S. (2021). Pengaruh Kepemilikan Kas Terhadap Manajemen Laba Riil Dengan Koneksi Politik Sebagai Variabel Moderasi. *Akbis: Media Riset Akuntansi Dan Bisnis*, 5(1), 51. <https://doi.org/10.35308/akbis.v5i1.3652>
- Jamaluddin, & Enre, A. (2023). Konstruksi Agency Theory untuk Meminimalisir Asymmetry Information dalam Teori Keuangan Syariah Perspektif Tabligh. *POINT: Jurnal Ekonomi Dan Manajemen*, 5(2), 163–171. <https://doi.org/10.46918/point.v5i2.2092>
- Jayanti, A., & Sapari. (2016). Pengaruh Positive Accounting Theory, Profitabilitas Dan Operating Cash Flow Terhadap Penerapan Konservatisme. *Jurnal Ilmu Dan Riset Manajemen*, 5(10), 1–17. <https://jurnalmahasiswa.stiesia.ac.id/index.php/jirm/article/view/1339>
- Kusuma, M. (2023). Can the Reclassification of Other Comprehensive Income Narrow the Opportunities for Creative Accounting: Earnings Management and Income Smoothing? (Terjemahan). *Jurnal Akuntansi Dan Keuangan*, 25(1), 25–38. <https://doi.org/https://doi.org/10.9744/jak.25.1.25-38>
- Kusuma, M., & Athori, A. (2023). Can Income and Equity Attribution Minimize Agency Costs? (Effect of Attribution Policy on Earnings Management and Firm Value) - Terjemahan. *Proceeding Medan International Conference Economics and Business (MICEB)*, 1(January), 1627–1637. <https://proceeding.umsu.ac.id/index.php/Miceb/article/view/308>

- Lukman Suryadi, W. S. (2018). Faktor-Faktor Yang Mempengaruhi Income Smoothing Pada Perusahaan Manufaktur Periode 2014-2016. *Jurnal Ekonomi*, 23(3), 347. <https://doi.org/10.24912/je.v23i3.422>
- Mahardini, N. Y. M. Y., & Juwita, N. (2018). Menguji Dampak Net Profit Margin, Debt To Equity Ratio, Dan Retur on Asset Pada Praktik Perataan Laba. *Jurnal Akuntansi : Kajian Ilmiah Akuntansi (JAK)*, 5(2), 87. <https://doi.org/10.30656/jak.v5i2.665>
- Ming Tee, C. (2020). Political Connections and Income Smoothing: Evidence of Institutional Investors' Monitoring in Malaysia (Terjemahan). *Journal of Multinational Financial Management*, 55, 1–18. <https://doi.org/https://doi.org/10.1016/j.mulfin.2020.100626>
- Oktomegah, C. (2012). Faktor-Faktor Yang Mempengaruhi Penerapan Konservatisme Pada Perusahaan Manufaktur Di Bei. *Jurnal Ilmiah Mahasiswa Akuntansi*, 1(1), 37. <https://doi.org/https://doi.org/10.33508/jima.v1i1.10>
- Opler, T., Pinkowitz, L., Stulz, R., & Williamson, R. (1999). The Determinants and Implications of Corporate Cash Holdings. In *Journal of Financial Economics* (Vol. 52, Issue 1, pp. 3–46). [https://doi.org/10.1016/s0304-405x\(99\)00003-3](https://doi.org/10.1016/s0304-405x(99)00003-3)
- Pramesti, W. C., & Laili, T. F. (2024). Peran Moderasi Koneksi Politik dalam Pengaruh Multinasionalitas terhadap Penghindaran Pajak. *Jurnal Akademi Akuntansi*, 7(2), 200–210. <https://doi.org/10.22219/jaa.v7i2.31579>
- Purwanto, C. G., & Wijaya, H. (2022). Cash holdings, struktur modal, dan ekspropriasi: political connection dan efektivitas dewan komisaris sebagai moderator. *Jurnal Akuntansi Aktual*, 9(1), 43–54. <https://doi.org/10.17977/um004v9i12022p043>
- Rahmadani, F., Wijayanti, A., & Fajri, R. N. (2020). Pengaruh Biaya Politik, Cash Holding, dan Kualitas Auditor terhadap Income Smoothing. *Ekonomis: Journal of Economics and Business*, 4(1), 113. <https://doi.org/10.33087/ekonomis.v4i1.96>
- Rustiarini, N. W., & Sudiartana, I. M. (2021). Board Political Connection and Tax Avoidance: Ownership Structure as A Moderating Variable (Terjemahan). *Jurnal Dinamika Akuntansi Dan Bisnis*, 8(2), 128–144. <https://doi.org/https://doi.org/10.24815/jdab.v8i2.20760>
- Sarwinda, Prilly, & Arfiyenti, M. (2015). Pengaruh Cash Holding, Political Cost, dan Nilai Perusahaan Terhadap Tindakan Perataan Laba (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di BEI 2009-2013). *Seminar Nasional Ekonomi Manajemen Dan Akuntansi (SNEMA)*.
- Sumani, S., Roziq, A., & Annisa, W. (2021). Praktik Income Smoothing Pada Perusahaan Sektor Pertanian Di Bei. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, 5(1), 118–137. <https://doi.org/10.24034/j25485024.y2021.v5.i1.4801>
- Vousinas, G. L. (2019). Advancing Theory of Fraud: The S.C.O.R.E. Model (Terjemahan). *Journal of Financial Crime*, 26(1), 372–381. <https://doi.org/10.1108/JFC-12-2017-0128>
- Wahyudi, M., Sari, H. P., & Kusuma, M. (2024). Kualitas Auditor sebagai Pemoderasi Hexagon Fraud Theory, Fraudulent Financial Statement & Tax Avoidance. *Ekuivalensi: Jurnal Ekonomi Bisnis*, 10(2), 325–338. <https://doi.org/https://doi.org/10.51158/g2scqk15>

- Watts, R. L., & Zimmerman, J. L. (1986). Positive Accounting Theory. In *The Accounting Review* (Vol. 65, Issue 1, pp. 131–156). <https://faculty.etsu.edu/POINTER/watts&zimmerman2.pdf>
- Watts, R. L., & Zimmerman, J. L. (1990). Positive Accounting Theory (Terjemahan). *The Accounting Review*, 65(1), 131–156. <https://www.jstor.org/stable/247880>
- Widodo, A., & Fanani, Z. (2020). Military Background, Political Connection, Audit Quality And Earning Quality. *Jurnal Akuntansi*, 24(1), 84–99. <https://doi.org/10.24912/ja.v24i1.658>
- Widyantoro, D. A., Sumarsono, H., & Marsiwi, D. (2023). Effect of Female Directors on Income Smoothing. *Jurnal Proaksi*, 10(3), 382–396. <https://doi.org/10.32534/jpk.v10i3.4264>