ABSTRACT

Income smoothing is a management effort within a company to maintain the profit stability generated by the company. This is done to attract the attention of investors, where it is believed that the main focus of investors in determining investment decisions are often based on the profit generated by the company. Stable corporate profits illustrate that the company has a good business continuity. This is what drives the company to make income smoothing. Income smoothing is done by delaying or accelerating the company's financial information.

This study was conducted to determine the effect simultaneously and partially variable profitability, leverage and firm size to income smoothing variables in manufacturing companies listed on the Indonesia Stock Exchange in 2013-2015.

This research is descriptive verifikatif which is causality. The method in this research is quantitative research method. Sampling technique used in this study is a purposive sampling technique that obtained 59 research samples within a period of 3 years so that obtained 177 units of sample manufacturing companies listed on the Indonesia Stock Exchange in 2013-2015. The method of analysis used in this study is Logistic regression analysis using SPSS 23.0 software.

Based on the result of research, show that profitability, leverage and company size have influence simultaneously significant to income smoothing. Where the profitability, leverage and company size variables can explain or affect the income smoothing variable by 10%, while the remaining 90% is influenced by other variables outside the study.

Based on partial test, it is found that leverage variables proxied by Debt to Total Asset Ratio (DAR) do not have a significant effect on income smoothing, while profitability is proxied with Return On Asset (ROA) have a significant effect on income smoothing with positive direction and The size of the company in proxies with the natural logarithm of total assets have a significant effect on smoothing profit with negative direction.

Keywords: Company size, Income smoothing, Leverage, Profitability