

ABSTRACT

Income smoothing is an action to manage earnings by increasing or decreasing profits in a certain period in order to reduce earnings fluctuations. This is done by management for reasons not achieving the target of the company. Management must to report the financial condition of the company to shareholders, while financial statements become a tool used by shareholders to judge the condition of the company. In financial statements, a company with stable profit illustrates that the company has good business continuity.

In the concept of corporate governance, the ownership structure is believed to minimize the occurrence of income smoothing practices. The ownership structure in question includes institutional ownership, government ownership, and managerial ownership. Therefore, this study was conducted to determine the effect simultaneously and partially on institutional ownership, government ownership and managerial ownership with profitability and leverage as a control variables on income smoothing in state-owned companies listed on the Indonesia Stock Exchange in 2012 - 2017.

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 10 research samples within a period of 6 years so that obtained 60 units of sample state-owned listed on the Indonesia Stock Exchange in 2012-2017. 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 on institutional ownership, government ownership and managerial ownership with profitability and leverage as a control variables have influence simultaneously significant on income smoothing. Where on institutional ownership, government ownership and managerial ownership with profitability and leverage as a control variables can explain or affect the income smoothing variable by 29,2%, while the remaining 70,8% is influenced by other variables outside the study.

Based on partial test, it is found that institutional ownership variables proxied do not have a significant effect on income smoothing, government ownership has a significant influence with negative direction on income smoothing, and managerial ownership does not have a significant effect on income smoothing.

Keywords: Institutional ownership, Government ownership, ownership Managerial, Income smoothing.