ABSTRACT

Income smoothing is taken by the company's management with the aim of reducing profit fluctuations. This is done with the motivation to show good performance to investors, by showing stable company profits. Because investors only focus on the profits generated in determining their investment decisions. Therefore the company performs income smoothing action.

This study was conducted to determine and analyze the simultaneous and partial effect of Firm Size, Net Profit Margin and Leverage on income smoothing in food and beverage sub-sector companies listed on the Indonesia Stock Exchangein 2016-2020.

This research is descriptive verification which is causality. The method in this study uses quantitative methods. The sampling technique used was a purposive sampling technique which obtained 15 research samples in a 5-year period so that 75 samples method of analysis using logistic regression analysis with SPSS 21 software.

The results of this study indicate that firm size, net profit margin, and leverage simultaneously have a significant effect on income smoothing. While partially company size, net profit margin, and leverage have a significant effect onincome smoothing.

The results of this study are expected that investors pay attention to other aspects and not only focus on the profits in the company's financial statements. Andfor companies not to do income smoothing because it can reduce the confidence ofinvestors.

Keywords: *Income Smoothing, Firm Size, Net Profit Margin, Leverage*