ABSTRACT

One of the ways used by management to make the company look better by way of income smoothing practices that are useful for making profit of the company more stable. Income smoothing practices greatly affect the decisions made by users of financial statements.This study aimed to analyze the influence of Return On Assets (ROA), Net Profit Margin (NPM), and Financial Leverage (DER) to the practice of smoothing earnings in the Consumer Goods Sector Manufacturing Company Period of 2013-2015.

The population in this study is a company manufacturing consumer goods sector 2013-2015 period. Mechanical sample selection using purposive sampling and acquired 20 companies that are included with a period of 3 years in order to obtain 60 samples were processed. Methods of data analysis in this research is the logistic regression analysis.

The results showed that simultaneously is not a significant difference between the Return On Assets (ROA), Net Profit Margin (NPM), and Financial Leverage (DER) to the practice of smoothing earnings. Partially Return On Assets (ROA), Net Profit Margin (NPM) and Financial Leverage (DER) no significant effect on the financing murabaha.

Based on the research results, the company did not have to do the practice of smoothing earnings to show a better company. Companies can increase profits by increasing sales or the performance of the company so that the company can be seen more favorably by investors and other financial statement users.

Keywords: Return On Assets (ROA), Net Profit Margin (NPM), Financial Leverage (DER), Income Smoothing Practice