

ABSTRACT

The difference of importance between management and owner company causes management which has majority of the information do income smoothing in Indonesia. That matter done by management to attract the consideration of investor because investor focused more on profit in the company. The behavior of income smoothing has been considered as a rational and logical behavior however the income smoothing can disserve the others. This research purpose to analyze the factors that influence income smoothing of the companies, that is; profitability, leverage, dividend payout ratio and firm size.

Population of the study is financial report from manufacturing companies which are listed on Indonesia Stock Exchange (IDX) periods 2011 to 2013. Purposive sampling has been used to choose sample in this research and obtain 27 companies with 3 years period and obtained 81 samples were processed. Data analysis method in this research is logistic regression using SPSS 20.

The result shows that profitability, leverage, dividend payout ratio and firm size simultaneously significant influence to income smoothing. As partially profitability, financial leverage and dividend payout ratio has no significant influence to income smoothing, and firm size has significant influence to income smoothing.

Keyword : Profitability, Leverage, Dividend Payout Ratio, Firm Size, Income Smoothing