ABSTRACT

Income smoothing is a part of managerial steps applied in order to make the accounting profits reported by the company becomes smooth (low fluctuations). This is done due to the motivation in showing good work performance to the investors, because the market behavior tends to respond more positively to the company's fundamental information which has an increasing and definite point. As a result, this phenomenon is used by the company for the purpose of providing welfare to its shareholders indirectl by showing a stable corporate profit. Therefore, the company applied income smoothing actions.

This study was conducted to determine the simultaneous and partial effects between company size, profitability and share price to income smoothing practice on foods and beverages subsector companies listed in Indonesia Stock Exchange year 2014-2017.

In this study, the quantitative method is used. Whereas the sampling technique in this study is purposive sampling. The data in this study are secondary data retrived from the official IDX website www.idx.co.id. The sample in this study are 12 samples in a period of 4 years, hence, there are 48 total samples obtained. The analysis technique used in this study is logistic regression analysis using the SPSS 23.0 application.

Based on the results of the study, all of the variables simultaneously have a significant effect on income smoothing. The size of the company, the profitability and the share price can affect income smoothing 21.9%, while the rest is influenced by other factors outside the research variable. Partially, the profitability variable has a positive effect on income smoothing. Where as the company size, and the stock value have no effect on income smoothing.

For investors, it is suggested to be more careful in deciding their investments by looking at the overall financial statements and seeing other things that support their investment decisions. Where as for the high-profitability management companies should not do income smoothing because it can harm the company such as a bad image in the eyes of investors or can be subject to sanctions by the government.

Keywords: *Income smoothing, company size, profitability and share price.*