

ABSTRACT

Income smoothing is a step taken by management as one form to manipulate data or earnings. To fulfill the principal's request (shareholders / owners), the manager will do income smoothing by using information asymmetry with the main party.

This research was conducted to analyze what factors can influence income smoothing. This study discusses whether independent variables (liquidity, dividend payments, company size and leverage) are related to the dependent variable (income smoothing).

The population in this study uses family companies listed on the Indonesia Stock Exchange in the 2015-2018 period. This study used a purposive sampling technique and obtained 14 companies with a period of 4 years, so that the data obtained were 56 samples. The research method used is panel data regression using SPSS 22.0 software

The results of this study, produced simultaneously liquidity, dividend payments, company size and significant leverage on income smoothing. Furthermore, the partial test results obtained lower liquidity, company size and leverage are not significant to income smoothing. While dividend payments have a significant effect on the positive direction of income smoothing.

Based on the results of the study, to find out which companies are doing income smoothing or not. Investors can take the value of the company's DPR. The higher the DPR, the more motivated management will be to do income smoothing.

Keywords: Earnings smoothing, Liquidity, Dividend Payments, Company Size and Leverage