ABSTRACT

Income smoothing is the act of managing earnings by increasing or decreasing profit in a certain period in order to reduce fluctuations in earnings. This is done by the company's management for reasons of not achieving the company's targets. Management has an obligation to report the company's financial condition to shareholders, while the financial statements become a tool used by shareholders to assess the condition of the company. In the financial statements, stable company profits illustrate that the company has good business continuity.

This research is aiming to know and analyze the influence of profitability, leverage and dividend payout ratio to income smoothing of industry companies sector agriculture listed in the Indonesian stock exchange periode 2014th-2018th

This research is descriptive verification which is causality. The method in this research is a quantitative research method. The sampling technique used in this study was a purposive sampling technique that obtained 10 research samples within a period of 5 years so that 50 sample units of industrial sector agriculture (agriculture) companies were listed on the Indonesia Stock Exchange in the 2014-2018 period. The analytical method used in this study is logistic regression analysis using IBM SPSS 23.0 software.

Based on the results of the study, showed that the profitability, leverage and dividend payout ratio variables had a significant simultans effect on income smoothing. Based on partial testing, the results show that the variable profitability and leverage does have a significant effect with a negative direction on income smoothing. While the variable dividend payout ratio have a significant effect with a negative direction on income smoothing.

For the expected investor in taking a more discrection in the making up decision in an invest in a company given practical of income smoothing. For the company to be expected not a doing of income smoothing becaused can decrease objectivity from the financial report.

Keywords: Dividend Payout Ratio, Income Smoothing, Leverage, Profitability