ABSTRACT

Income smoothing (income smoothing) is an activity carried out by the company to produce fluctuations in earnings, to make it look stable, also called "creative accounting" which is the process of profit normalization carried out by management intentionally for the budget used and used to guarantee investors such companies have small earnings fluctuations, hence attracting the attention of investors interested in investing in these companies.

This study aims to explain the simultaneous and partial influence of institutional ownership, bonus plans, and firm value on income smoothing actions. The method in this study uses quantitative methods with the type of descriptive verification research.

The sampling technique used in this study was a purposive sampling technique that produced 13 samples of selected companies within a period of 4 years and obtained as many as 52 sample units of food and beverage subsector companies listed on the Indonesia Stock Exchange in 2015-2018. The analysis technique used is descriptive statistical analysis and logistic regression analysis using SPSS 26.0 software.

The results of this study indicate that variable institutional ownership, bonus plans, and firm value simultaneously have a significant effect on income smoothing. Partially, institutional ownership and bonus plans do not significantly influence income smoothing. While the firm value variable has a significant effect on the negative direction of income smoothing.

Based on the results of the study, researchers are expected to add other variables and use other types of sectors that can affect income smoothing techniques.

Keywords: Income Smoothing, Institutional Ownership, Bonus Plan, and Company Value.