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 firm size, profitability and leverage 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.

Keywords*: Income Smoothing, Profitability, Leverage, and firm Size*