

ABSTRACT

Factors that Affecting Income Smoothing (Empirical Study in Indonesian Manufactured Companies with the Subsector Food & Beverage, Automotive, Pharmacy listed in Indonesian Stock Exchange from 2012-2016)

Income smoothing is one of earning managements which is done by companies to reduce company's profit fluctuation. This has arisen as shareholder's, creditor's, and government's need to maximize company value. This paper aimed to analyzes the impact of cash holding, profitability, leverage, and firm value to income smoothing in food & beverage, automotive, pharmacy manufactured companies which are listed in IDX from 2012-2016. Classified criteria of 23 purposive samplings of the populations for 5 years period. This research applied binary logistic regression analysis SPSS software 20 version for data analysis. The result shows that cash holding has no significant impact on income smoothing because Indonesian company has less cash holding. Profitability has significant impact on income smoothing because company doesn't want to pay high tax rate. Leverage has significant impact on income smoothing because the company needs fund from creditor. Firm value has significant impact on income smoothing because the company doesn't want to lose either their investor or potential investor.

Keywords: Cash holding, Profitability, Leverage, Firm value, Income smoothing.