ABSTRACT

This study aims to examine the effect of firm size, profitability ratios, and financial leverage for income smoothing action. The population in this study is a manufacturing company listed on the Indonesia Stock Exchange. Samples were determined by using purposive sampling method. The research sample was obtained as many as 77 companies. Hypothesis testing using logistic regression analysis with the help of SPSS ver. 11.5.

The test results indicate that the first hypothesis (H1) states that there is a significant effect of firm size on income smoothing measures, rejected. The second hypothesis (H2) states that there is a significant influence of the ratio of profitability to measure income smoothing, rejected. As well, the third hypothesis (H3), which states that there is a significant effect of financial leverage on income smoothing measures, acceptable.

Keywords: company size, profitability ratios, financial leverage, and income smoothing.