

**INFLUENCE OF COMPANY CHARACTERISTICS
ON EARNINGS SMOOTHING MEASURES UNDERTAKEN
BY MANUFAKTUR FIRMS IN INDONESIA
STOCK EXCHANGE**

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ABSTRACT

The aimed of this study was to examine the influence of company's characteristics toward income smoothing practice among listed companies in Indonesia Stock

The factors being examined were size of the company, return on assets, and company's financial leverage ratios. Index Eckel is used to determine the income smoothing practice.. The study was using 23 companies listed in Indonesia Stock Exchange, with a period between 2008-2010.

The research tested hypotheses by using Binary Logistic analysis model. The first hypothesis was used to examine the influence of size of the company to income smoothing. The second hypothesis was used to examine the influence of return on asset to income smoothing. The third hypothesis was used to examine the influence of company's operating leverage ratios to income smoothing. The result of this study showed that some of the listed companies at Indonesia Stock Exchange were committed to income smoothing practice. Binary Logistik test showed that size of the company, return on assets ,and company's financial leverageratios did not have significant influence to income smoothing.

Keywords: size of the company, return on assets, company's financial leverage ratios, income smoothing.