

***THE EFFECT OF PROFITABILITY, LEVERAGE AND COMPANY SIZE
TOWARD THE INCOME SMOOTHING IN THE MANUFACTURING
COMPANIES LISTED IN INDONESIA STOCK EXCHANGE 2009-2011***

**BY :
TASSYA LADY RIDYA
43209110-253**

ABSTRACT

This research was about how the profitability, leverage and company size effect the income smoothing practice. The purpose of this research is to know which variable from that characteristic significantly effect the income smoothing practice. The income smoothing measured based on Eckel Index (1981) to determined companies with income smoothing or not. Total sample for this research is 25 companies listed in Indonesia Stock Exchange by using there years of financial data 2009-2011, researcher got it with purposive sampling method. Data was collected from the annual report and was analyzed with logistic regression analysis.

The results of this research is indicated that profitability and leverage have significant effect on income smoothing but other variables which is company size did not have significant effect on income smoothing.

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