

ABSTRACT

The practice of income smoothing is a very common phenomenon that occurs as a management effort to reduce reported profit fluctuations, by taking profit manipulation action so that the company's profit per period is not too high and not too low, compared to the actual profit achieved by a company. To level out the earnings, management takes action to increase reported earnings when the earnings are low and lower earnings reported when earnings are relatively high.

Food and beverages company is a company engaged in the food and beverage industry. In Indonesia food and beverage companies can grow rapidly, it is seen from the number of companies listed on the Indonesia Stock Exchange from period to period more and is one of the sectors of interest by investors. The food and beverage industry sector is one of the business sectors that continues to grow. Along with the increasing population growth in Indonesia, the volume of demand for food and beverages continues to increase.

This study aims to examine the effect of debt to equity ratio, dividend payout ratio and net profit margin on the practice of income smoothing in food and beverage manufacturing companies listed in Indonesia Stock Exchange 2011-2016. In this study, the company that will be the object of research is a food and beverage sub-sector manufacturing company listed on the Indonesia Stock Exchange. The reason for the selection of the food and beverage industry is that stocks are the most resistant to the economic crisis than any other sector because in crisis or not, most food and beverage products are still needed.

Population in this research is food and beverage company listed in Indonesia Stock Exchange year 2011-2016. Samples of selected company data based on a purposive sampling criteria are as many as 8 companies. The data collected is by using secondary data with documentation technique. The analysis technique used in this research is logistic regression analysis which is an independent variable analysis is a combination of metric and non metric (nominal).

Based on the results of the study proves that the ratio of Debt to Equity Ratio (DER) significantly influence the practice of income smoothing, the ratio of Devidend Payout Ratio (DPR) significantly influence the practice of income smoothing and Net Profit Margin (NPM) ratio has no significant effect in Doing income smoothing practice.

Keywords: Debt to Equity Ratio (DER), Devidend Payout Ratio (DPR), and Net Profit Margin (NPM), Income Smoothing