ABSTRACT

Income smoothing is an action performed by the company's management in order to reduce fluctuations in earnings. This is done with the motivation to show good performance to investors, by showing stable corporate profits. Because investors sometimes only focus on the profits generated by the company in making investment decisions. Therefore, the company practices income smoothing. Income smoothing is done by way of reducing or reducing the company's actual profit, to be moved to a certain period.

This study aims to determine the effect of simultaneous and partial between managerial ownership, profitability and leverage to income smoothing in manufacturing companies food and beverage sub-sector listed on the Indonesia Stock Exchange in 2011 - 2016.

This research uses quantitative method. Sampling technique in this research is purposive sampling technique. The sample in this research is as many as 11 samples in the period of 6 years so that 66 companies get the total sample. The analysis technique used in this research is logistic regression analysis using SPSS 23.0 application.

Based on the result of research, managerial ownership, profitability, and leverage variables simultaneously have significant effect to income smoothing, where managerial ownership variable, profitability and leverage can influence income smoothing 17,9% and the rest 82,1% influenced by other factor outside variable research. Partially, profitability variables proxied by using Return on Asset (ROA) have a positive effect on income smoothing. While managerial ownership variable, and leverage variables proxyed using Debt to Equity Ratio (DER), no effect to income smoothing.

From the result of research which show result of positive influence between profitability to income smoothing, investor must be more careful in taking investment decision, by not only focusing on high profit of company, but also paying attention from company financial report as a whole. And for the management of companies that have high profitability, should not make income smoothing, because if proven to do smoothing profit, it can harm the company such as making a bad image of the company in the eyes of investors.

Keywords*: Income Smoothing, Managerial Ownership, Profitability, Leverage*