

ABSTRACT

This study aims to examine factors affecting income smoothing behaviour by manager such as last year earnings, big 4 auditor, firm size, and managerial ownership.

The population used in this study consists of transportation firms listed in the Indonesia, Malaysia, and Singapore stock exchange during the period of 2012-2014. The sampling method used in this study is purposive sampling and obtained 168 samples. This study uses multivariate regression analysis for hypothesis testing.

This results of this study show that variables of firm size and managerial ownership had a negatively significant influence on income smoothing behaviour measured by discretionary accruals while variables of last year earnings and big 4 auditor had no significant influence on income smoothing behaviour.

Keywords : Income smoothing, last year earnings, big 4 auditor, firm size, managerial ownership.