ABSTRACK

Income smoothing is defined as an intentional act done to reduce the fluktuation of profit managers to use certain accounting methods. The reason that income smoothing performed by the managemen tare: the engineering to reduce costs and increase profits in the current period which could reduce tax debt, can increase investor confidence due to the stability of earnings and dividend policy in accordance with the wishes, can strengthen the relationship between managers and employees as it can avoid the demand for higher wages or salary by the employee, have a psychological impact on the economy. This study aims to examine the influence of factors return on assets (ROA), net profit margin (NPM), debt to equity ratio (DER), and the size of the practice of smoothing earnings.

The study was conducted using purposive sampling for sampling is used and there are 53 companies that were visited during the study. In this study using a measure of discretionary accruals as an indicator of earnings smoothing. Analytical techniques used in this study is multiple regression analysis using SPSS where previous data was tested using the classical assumption test.

The results show return on assets (ROA), net profit margin (NPM), debt to equity ratio (DER), and size together with the income smoothing effect on the adjusted value of 18,4%. While the individual net profit margin (NPM) and size significantly positively related to income smoothing while the return on assets (ROA) and debt to equity ratio (DER) are not significant to earnings smoothing.

Key words: return on assets (ROA), net profit margin (NPM), debt to equity ratio (DER), size, smoothing earnings, discretionary accruals.