

ABSTRACT

The aim of thi study is to analyze the factors that influence the probablity of income smoothing of listed companies in BEI. .

This research used 54 companies which have been go public and listed in BEI in 2007-2010 period, they are selected by purposive sampling method. The samples are classified into a group of smoothing and unsmoothing using Eckel (1981) model. Variabels that are used in this research are debt to equity ratio, profitablity, firm size, and operational leverage. The result of the classification showed that there are income smoothing action that have been used by listed companies in BEI. Statistical analyze that is used in this research is general statistical test (descriptive statistic) and logistic regression

The result of this research showed that profitablity, firm size and operating leverage influence the probablity of income smoothing. But *debt to equity ratio* do not influence the probability of income smoothing.

Keyword: income smoothing, debt to equity ratio, profitablity, firm size, operational leverage