

ABSTRACT

The aim of this study to examine the influence of size of the company, profitability, financial leverage and industrial type toward income smoothing practice among manufacture and finance companies listed at Indonesia Stock Exchange . Eckel Index is used to determine the income smoothing practice.

The study was using 75 manufacture company and 42 finance company listed in Indonesia Stock Exchange, with a period between 2006-2009. The hypothesis were tested using binary logistic regression to examine the influence of size of the company, profitability, financial leverage and industrial type toward income smoothing practice.

The result of this study showed that size of the company has significant influence to income smoothing. Profitability, financial leverage and industrial type did not have significant influence to income smoothing.

Keywords : size of the company, profitability, financial leverage and industrial type