

ABSTRACT

The aimed of this study was to examine the influence of industrial type, size of the company and financial leverage toward income smoothing practice among manufacture and finance listed companies at Indonesian Stock Exchange. The factors being examined were industrial type, size of the company and financial leverage. Index Eckel is used to determine the income smoothing practice.

The object of income smoothing in this study is the financial leverage of the company. The study was using 61 manufacture company and 42 finance company listed in Indonesia Stock Exchange, with a period between 2004-2008. The hypothesis was tested using ordinary least square to examine the influence of industrial type, size of the company and financial leverage toward income smoothing practice.

The result of this study showed that industrial type and size of the company did not have significant influence to income smoothing. Financial leverage on manufacture industrial type have significant influence to income smoothing.

Keywords: Industrial type, size of the company, financial leverage, income smoothing.