ABSTRACT

The income smoothing has been considered a common action, because it can reduce the volatility of reported earnings, and enhance the ability of investors to predict future cash flows. So that the income smoothing provide a beneficial effect on stock values as well as evaluating manager performance. The purpose of this study was to analyze the influence of independent variables namely credit risk, profitability, firm size and leverage of the income smoothing on banking companies listed in Indonesia Stock Exchange.

The research sample of 23 banks that went public on the Stock Exchange with a purposive sampling method. Data analysis tool used is logistic regression model taking into account the assessment of fit, coefficient of determination, decency and the regression model parameter estimation and interpretation.

The result is profitability has a significant negative effect on the income smoothing on banks to go public in Indonesia Stock Exchange. Credit risk and company size has a positive and significant impact on income smoothing action on the listed banks in Indonesia Stock Exchange. Leverage does not have a positive effect and significant impact on banking income smoothing action that listed in Indonesia Stock Exchange.

Keywords: income smoothing, credit risk, profitability, firm size and leverage.