

ABSTRACT

INCOME SMOOTHING OF IPO COMPANIES ON INDONESIA STOCK EXCHANGE IN 2016-2018

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This research was based on the existence of income smoothing problems at companies conducting IPOs on the Indonesia Stock Exchange in 2016-2018. The purpose of this study was to examine the effect of financial leverage, company size, profitability, the board of commissioners, and audit quality on income smoothing. This type of study was associative quantitative research. This study used purposive sampling technique with a sample of 43 companies in 2016-2018. The analysis method used multiple linear regression. The hypothesis testing results showed that profitability and audit quality affected income smoothing. Meanwhile, financial leverage, company size, and the board of commissioners did not affect income smoothing. It meant that KAP the Big Four Company was able to reduce the practice of income smoothing and the profitability ratio had an important role in financial ratios able to affect income smoothing.

Keywords: Financial Leverage, Company Size, Profitability, Board of Commissioners, Audit Quality, Income Smoothing

