

ABSTRACT

This research is designed to examine the factors that influencing Income Smoothing practices manufacture companies. The factors examined were firm size, profitability, risk, operating leverage, ownership structure. The sample were manufacture companies covering the period 2003-2006.

The result of analysis indicated that firm size, profitability and ownership structure do not influence income smoothing practice in manufacture companies in Indonesia except risk and operating leverage.

Keywords : Income smoothing, firm size, profitability, risk, operating leverage, ownership structure