ABSTRACT

THE INFLUENCE OF PROFITABILITY, FINANCIAL RISK, FIRM VALUE, AND THE OWNERSHIP STRUCTURE THAT INFLUENCE INCOME SMOOTHING PRACTICE

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This study explores whether profitability, financial risk, firm value and ownership structure are factors that influence income smoothing practice done by management. The sampling technique used in this research is purposive sampling method. Multiple regression method with a sample of financial companies listed in Indonesia Stock. Overall the sample of this study consisted of 39 companies listed in Indonesia Stock Exchange during 2008 until 2012.

The analytical tool used to analyze the problems of the multiple linear regression analysis. The magnitude of the effect of the independent variables can affect the dependent variable of 0.7% and the remaining 99.3% is influenced by other factors not included in the research model.

The results of this research indicate that profitability, financial risk, managerial and public ownership structure does not significantly affect the income smoothing practices and firm value significantly positive influence on the practice of income smoothing.

Keyword: Profitability, Financial, firm value, ownership structure, and income smoothing