JoEBGC Vol. 1, No. 2, pp. 93-102, 2018

ISSN 1979-7117
e-ISSN 2614-4115

Journal of Economics, Business, and Government Challenges
DOI: https://doi.org/10.33005/ebgc.v1i2.15

The Influence of Targeted Profitability and Company Size to Income Smoothing

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ARTICLE INFORMATION

Article history:
Received date: 3 August 2018
Revised date: 1 September 2018
Accepted date: 15 September 2018

Keywords: targeted profitability; company size; income smoothing

ABSTRACT

This research purpose is to know the influence of targeted profitability and company size to income smoothing in manufacture companies listed at Bursa Efek Indonesia period 2015-2017. Method that used for sample target is purposive sampling method. Population of this research are 57 manufacture companies listed at Bursa Efek Indonesia period 2015-2017 which already fulfill the sample criteria that used in this research. To identify companies that did income smoothing practical with using Eckel Index. Result from Eckel Index shown that income smoothing practical also did by a certain companies listed in Bursa Efek Indonesia. Statistic method using multiple linear regression, which are; multicollinearity testing, heteroscedasticity testing, autocorrelation testing, and normality testing. Testing did to proof any significant influence targeted profitability and company size to income smoothing. Research result shown that there is no influence of targeted profitability and company size to income smoothing in manufacture companies listed in Bursa Efek Indonesia period 2015-2017.

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INTRODUCTION

Suwito and Herawati (2005) capital market has an important role in the economic life, collateral with the consciousness people about the important of the capital market in supplying long term fund, which is as mediator between surplus and deficit party. Capital market also as dunging capital institution and fund mobilization, which is it can give result that we expect, if that capital market is efficient. Efficient capital market can advocate the economic development, because there is fund allocation from the unproductive sector to productive sector. Jusuf (2002) in Suwito & Herawati (2005) capital market can strength the finance structure in the work place, because work place can arrange the financing source so it will reflect combination financing source long term and short term. Suwito and Herawati (2005) capital market must create a certain mechanism which is it can protect importance of the surplus party fund (investor), which is give the correct and complete information. This information can give comprehension thoroughly bursary effect emitter condition from all aspect, especially financial aspect, and activity development in bursary effect.

Formally capital market can define as market for all financial instrument (or security) long term which is it can be trade, either in the payable form or own capital, either published by the government or private (Husnan, 2004). According to Law No. 8 2005 about capital market, bursary effect is party who implementing and provide and or facility for confront trade cure stock to other party with a purpose to commercialize stock between them.
According Standar Akuntansi Keuangan (IAI, 2017), in Kerangka Dasar Penyusunan dan Penyajian Laporan Keuangan, pronouncement investor's need to financial statement is investor has the risk and their counselor having an interest with the risk also development result from investment their did. They need information to help determine whether to buy, keep, or sell that investment, investor also attracting to information that it may them for appraise company's capability to pay dividend.

Financial statements constitute that one of information source which is essential for financial decision making, concerning fund allocation and cash flow at company. Importance of financial statement for decision makers, especially for company's manager as Implementer Company's management in doing monitoring toward invested resource by the stockholder. According to PSAK No. 1 paragraph 7 (IAI, 2017), financial statement consists of balance sheet, profit and loss statement, statement of owners' equity, cash flow statement, notes to financial statement, comparative financial statement.

Jatiningrum (2000) financial statement is a reflection of a certain company's condition, because in the financial statement there is information which is needed by the interested parties. Financial statement arranged by management, so it can conclude that financial statement also showing management activity and constitute source in evaluating management performance. Therefore, management has tendency for doing action which is make the financial statement better.

Juniarti and Corolina (2005) profit constitute one of the potential information which is consist in the financial statement and very important for company's internal party or external party. Profit information constitute a part of company's financial statement intent on appraising management performance, helping in estimating profit ability which is representative in long term, and estimate the investment risk or fund lending. Juniarti and Corolina (2005) there is changing information over net profit for a certain company through various means will give effect which is quite influential over action of the information user, nothing aside for income smoothing application by certain company. This income smoothing application will caused information pronounced about current income will mislead, until it will be caused wrongness in decision making by the interested parties and company especially external party.

Jatiningrum (2000) there is income smoothing application which is did by the management in companies who listed in bursary effect is as management effort to reduce the instability profit which it getting by the company. From income smoothing effort which is did by the management have a purpose to give perception to investor about profit stability which is earned by company, furthermore with the profit stability will give perception to the investor that the risk level from the portfolio is low, until be provide that the stock price coming in the market increase. Financial statement user more focuses on profit rather than other financial statement. According to Nasser and Herlina (2003) in Juniarti and Corolina (2005) that profit information in common constitute main attention in predict work or management responsibility in the other side profit information also help company owner or other party in predict earnings power company in the future.

LITERATURE REVIEW

Agency Theory

Salno and Baridwan (2000) income smoothing concerned with the concept of profit management. Profit management concept using agency theory which is say that profit management practice influence by importance conflict between agent and principal arise there every entity try to achieve or defend prosperity level that wanted. In relationship of agency manager has asymmetric information to external party company, like creditor and investor. asymmetric information happen when manager has company internal information relatively more and knows that information relative faster than external entity. Collateral with profit management concept, this income smoothing explanation also use agency theory, that income smoothing arise when importance conflict happen between management and principal. Each entity pushed by different motivation appropriate with their interest.

Hepworth (1953) in Salno and Baridwan (2000) pronounced that motivated manager for did income smoothing basically want to get all economic and psychology benefit, which are (1) decrease total tax payable, (2) increase confidences manager because stable revenue will advocate stable dividend policy also, (3) increase relationship between manager and employee because significant increase revenue statement give opportunity to increase demand on salary and wages, and (4) increase and decrease revenue cycle can combat and optimism and pessimism wave can extenuated.

Recognition Financial Statement Element

According to Standar Akuntansi Keuangan (IAI, 2017), in Kerangka Dasar Penyusunan dan Penyajian Laporan Keuangan paragraph 82, recognition constitute formation process a pos which is fulfill element definition also recognition criteria which is said in paragraph 83 in balance sheet or profit and loss statement. Recognition did with explain that pos is good in words although in total money and put it in balance sheet or profit loss statement. Pos that fulfill those criteria should admit in balance sheet or profit and loss statement. Dereliction for admit pos cannot correction by act of expressing accountancy policy which is use or through note or explanation material. Pos that fulfill element criteria should admit if there are possibility that economic benefit which is link with that pos will flow from or to company and that pos has measurable value or cost rely on. According Standar akuntansi keuangan (IAI, 2017), in Kerangka Dasar Penyusunan dan Penyajian Laporan Keuangan recognition financial statement element cover:

a. Asset Recognition
   Admit asset in balance sheet if big possibility there is economic benefit in the future got by the company and that asset has measurable value or cost. Not admit asset in the balance sheet if expense happen and economic benefit did not flow into the company after accounting period exist. As like alternative transaction will arise will arise expense confession which is did by the management and there is other reason beside produce economic benefit to the company in he future or that management is wrong. One and only implication is a certainty level from economic benefit which is received by the company after accountancy period exist did not enough to justify asset confession.
b. Obligation Recognition
   Admit obligation in the balance sheet if there is big possibility that resource expense contains economic benefit will did to solve present obligation and finished total can measurable. In practice, obligation according to contract which is did not do yet by the both parties commonly did not admit as obligation in financial statement. However, that obligation can fulfill obligation definition and, if in the certain condition confession

criteria will fulfill, so that obligation can considerer fulfill confession requisite. In this case, obligation confession causes asset confession or pertinent expense.

c. Revenue Recognition
   Admit revenue in the profit and loss statement if increase economic benefit in the future link with increase asset or decrease obligation happened and measurable. It means that revenue confession happen together with increase asset confession or decrease obligation.
d. Expense Recognition
   Admit expense in profit and loss statement if decrease economic benefit in the future link with decrease asset or increase obligation happened and measurable. It means that revenue confession happen together with decrease asset confession or increase obligation.

Characteristic Qualitative Financial Statement

According to Standar Akuntansi Keuangan (IAI, 2017), in Kerangka Dasar Penyusunan dan Penyajian Laporan Keuangan paragraph 24, qualitative characteristic constitute specific which is make information in the financial statement is useful. There are four main qualitative characteristic: perceivable, relevant, reliability, and comparable.

Profitability

Juniarti and Corolina (2005) profitability constitute company effort produce profit which is measure by ratio of after tax profit and total asset. Low profitability fluctuation or decrease has tendency for company for doing income smoothing, also if company decide bonus compensation scheme basically from profit produce. Suwito and Herawaty (2005) company profitability ratio is measurable ratio from comparing between profit after tax and total asset. Profitability constitute importance measuring for appraise is it good or bad company which is influence investor to make decision. According to Weston and Copeland (1995) type of profitability ratio:

a. Net profit Operation on sales
   Net profit operation ratio over selling much more use by financial practicion as value driver. Net profit operation focused on operation result and measuring cash flow before decreasing interest expense and income tax. Gross profit margin= net profit operation / sales.
b. Net profit operation over total asset
   This ratio commonly also called "return on investment over total asset". This ratio tries to measure useful resource total affectivity by company. Usually this ratio called return on investment (ROI). Return on Investment = net profit / total asset.
c. Net profit operation over total investment
   Total asset measure total economical resource as used in company. Company defrayed their total asset a portion of resource defrayal which is does not has explicit cost. Return on asset = net operation profit / total asset.
d. Net profit on sales
   This ratio usually called profit margin on sales. Like net profit operation on sales, this ratio also influence by capital intensity in industry where it run. Net profit margin = net profit / sales.
e. Return on equity
   Return on equity measure return book value to the owner's company. This ratio constitutes a bottom line ratio in that meaning. Return on equity = net profit / total equity

Company Size

Suwito and Herawaty (2005) company size is a scale to classified big or small company in various means, which are: total asset, log size, market share value, etc. Basically company measurement only divided into three categories which are large firm, medium firm, and small firm. According to Juniarti and Corolina (2005) company size constitute company size which is determine from total asset which is own by the company. According Nasser and Herlina (2003) in Juniarti and Corolina (2005) company which is has a big asset categorize as big company in common will got more attention from many entity like analysis, investor, although government. On behalf of it, big company estimated will avoid drastic profit fluctuation, because increase profit will cause increase tax. Therefore, big company estimated will has opportunity to did income smoothing.

Income Smoothing

According Riahi (2007) income smoothing are earnings smoothing which is showed. The purpose is to avoid high fluctuation in earnings level. Smoothing represented a part of company management effort to avoid not normal variation in earnings on allowed level by accounting principal and healthy company. According Ashari et al. (1994) in Jatiningrum (2000), income smoothing prevent constitute a purpose prevent did by the management for decrease different net revenue with a certain accounting method.

Income Smoothing Purposes

Barnea et al. (1976) in Riahi (2007) divided three dimension of smoothing, which are:

a. Smoothing through event's occurrence and/or recognition, can determine when the transaction happened in such of manner until that transaction effect over income will disposed decrease the variation from time to time. When it planned happen much of it constitutes function from accountancy rules that straighten up about accounting confession over that event.
b. Smoothing through allocation over time, link with happen and confession an event, management has more freedom to control act of determining period that influence by event quantification.
c. Smoothing through classification, when income statement statistic be sides net income constitute smoothing object, management can classified elements in profit loss statement to decrease variation from time to time in that statistic.

Based on Foster (1986) in Suwito and Herawaty (2005) income smoothing purposes are:

a. Repair company's image in outside parties' point of view, that the company has low risk.
b. Give relevant information in doing prediction over profit in the future.
c. Increase customer satisfaction.
d. Increase external party entity over management effort.
e. Increase compensation for management.

Targeted Profitability Influence Over Income Smoothing

Research about income smoothing has done by Jatiningrum (2000) to analyze factors about income smoothing practice by companies listed in Bursa Efek Indonesia. Multivariate testing used is logistic regression, which result shown that only profitability influence to income smoothing. The population for research objective was company listed in Bursa efek Indonesia before 1994. Observation period get started from 1994-1998. The sample eliminated all companies that doing restructure like merger and acquisitions and company that has incomplete data in 1994-1998 periods. Statistic method used is inference statistic. The research purpose is to proof is there any income smoothing. the conclusion of this research cannot shown the evidence that company size be a factor to push income smoothing practical. For targeted profitability variable shown that targeted profitability is factor of income smoothing. Explanation that can give from this research is there is possibility because of decreasing profit that link with monetary crisis stricken Indonesia, until there is company willingness for doing income smoothing. From research before, so it can defined alternative hypothesis as follow:

H1: targeted profitability influence positively over income smoothing in manufacturing company listed in Bursa Efek Indonesia.

Company Size Influence over Income Smoothing

Research did by Moses (1987), purposes of this research is to testing relationship between income smoothing with hypothesis factor that to motivate to do like size, bonus compensation, retained earnings, and accountancy policy. Population in this research amount to 1.483 company from 1975-1980, data obtain from Accounting Trend and Techniques (ATT). Sample pulling use criteria as a set and got 212 companies that used sample in this research. This research hypothesis said that many specific company factors prepare aid for management to choose type of accountancy policy to smooth earnings and for the result are income smoothing as company behavior.

Accountancy change as a tool to smooth investigates. Testing in this research using T-test and regression analysis which is useful to explain variable. Many testing did to know about income smoothing has a relationship with hypothesis factor. Full testing did to show a significant relationship between income smoothing with size, bonus compensation, retained earnings, and accountancy policy. Found evidence that big companies has more encouragement for doing income smoothing because it will be investigation subject from government although general public.

Research did by Salno and Baridwan (2000), testing about factors that influencing income smoothing and link with return and risk public share company in Indonesia. This research use secondary data company listed in Bursa Efek Indonesia, which are stock data and accountancy data. Research populations in this research are all public company listed in Indonesia market share, whereas this research sample is company listed in Bursa Efek Indonesia that chooses by purposive judgment sampling method. This research will testing a certain factors that conjecturable influencing income smoothing practical like company major, net profit margin, work group, and winner/losser stock so it can give first hypothesis is company major, net profit margin, work group, and winner/losser stock does not influencing income smoothing. After that it will testing is there any differentiated return and risk between income smoothing company group and not income smoothing company group with public company sample in Indonesia, so it can give second hypothesis is there is no differentiated return between income smoothing company and not income smoothing company and third hypothesis is there is no differentiated risk between income smoothing company and not income smoothing company. Research result said that company major, net profit margin, work group, and winner/losser stock significantly does not influencing over income smoothing, no differentiated return between smoothing group and not smoothing group, and no differentiated risk between smoothing group and not smoothing group. From research before, so it can defined second alternative hypothesis as follow:

H2: company size influence positively over income smoothing in manufacturing company listed in Bursa Efek Indonesia.

Influence of Targeted Profitability and Company Size to Income Smoothing

Other research that did by Suwito and Herawaty (2005), purpose to know is there any side effect of work type, company size, company profitability ratio, company operation leverage ratio, company net profit margin over income smoothing action did by company listed in Bursa Efek Indonesia. This research sample is manufacturing and non-manufacturing company listed in Bursa Efek Indonesia. Data analysis method used is binary logistic regression. Conclusions of this research are (1) there is indication income smoothing action by public company listed in Bursa Efek Indonesia, (2) there is no significant influence from work type over income smoothing (3) there is no significant influence from company size over income smoothing, (4) there is no significant influence from targeted profitability company over income smoothing, (5) there is no significant influence from operation leverage company over income smoothing, and (6) there is no significant influence from net profit margin company over income smoothing.

Next research did by Juniarti and Corolina (2005), purpose to identified factors that influence income smoothing. This research engage 54 company listed in Bursa Efek Surabaya with take six year researches in 1994-2001, not include 1997 and 1998. Unvaried testing result, shown that there is no significant differentiated to company size and industry sector between smoothing company and non-smoothing company, whereas for targeted profitability, there is significant differentiated to both company classification. That unvaried testing does not carry multivariate testing result, which is shown that company size, targeted profitability, and industry sector does not influence over income smoothing.

Research did by Mursalim (2005), purpose to examine from company external aspect which is management effort influence in doing income smoothing through three dimension which are real smoothing, artificial smoothing, and classificatory smoothing over investor motivation for invest in company listed in Bursa Efek Indonesia. Population in this research is investors that want to invest in company listed in Bursa Efek Indonesia, exact is investor listed in 16 security companies. Testing did is reliability testing, validity testing, multicollinearity testing, autocorrelation testing, and heteroscedasticity testing. In can conclude that investor motivation to invest in company listed in Bursa Efek Indonesia, not only explain by management effort factor in doing income smoothing through three dimension which are real smoothing, artificial smoothing, and classificatory smoothing to stabilized each period company profit. But then more complex from it, e.g. other factors: government policy that invite controversial, whistle blowing by big investor, etc. investor in doing invest in company listed in Bursa Efek Indonesia, does not influence by management effort in doing income smoothing in certain period. Company which is did income smoothing through elements classification in profit loss statement, has significant influence over investor motivation to invest in company listed in Bursa Efek Indonesia.

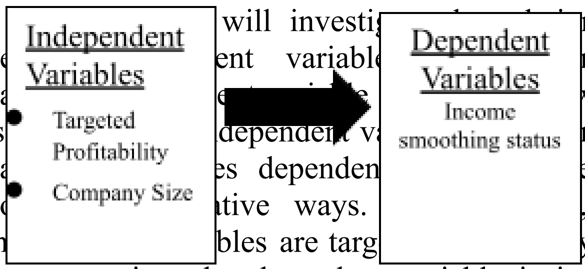
From research before, so it can defined third alternative hypothesis as follow:

H3: targeted profitability and company size simultaneously influence positively over income smoothing in manufacturing company listed in Bursa Efek Indonesia.

METHOD

In this study, the authors are using descriptive analysis method. Quantitative research on the other hand uses number to prove or disprove a notion or hypothesis. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationship. Quantitative research uses data that are structured in the form of number or that can be immediately transported into number. It is very controlled, exact approach to research.

Figure 1. Conceptual Framework



will investi nship b ent variabl ndent v which is dependent v ndent v es dependen either p tive ways. , the in bles are targ y and company size, the dependent variable is income smoothing status.

Sampling Design

Populations in this research constitute manufacture companies listed in Bursa Efek Jakarta in 2015-2017. Reasons why author choose Manufacture Company to be a population are:

a. In order to make this research more certifiable and comparable because verified company from the same industry.
b. Manufactured sector reputed can enough represent, where best part company listed in Bursa Efek Indonesia in this sector.
c. Research did in 2015-2017 because it can reflect nowadays condition from companies that is to be research.

Sample drawing method used with purposive sampling. Criteria that used in this research are listed as follow:

a. Sample include in manufactured company listed in Bursa Efek Indonesia in 2015-2017.
b. Came to no delisting until the end of 2017.
c. Company published financial statement in 2015-2017.
d. Company's financial statement end in December 31.
e. Company does not have loss in 2015-2017.
f. Financial statement in Rupiah.
g. Company that has complete data.

Based on those criteria, from manufacture company population listed in Bursa Efek Indonesia in 2015-2017 there are 57 companies that fulfill requisite to be a sample in this research.

Research Variable

Independent Variable (X) is variable that influence dependent variable. Independent in this research are (1) targeted profitability and (2) company size.

a. Company profitability ratio
   This variable measured with ratio between net profit and total asset. Measuring scale that used is ratio scale with the formula is:
   Return on Investment = net profit/total asset
b. Company size
   This variable measure with the average equity value has by company which is total asset.

Dependent Variable (Y), is variable that influenced by independent variables where this variable will change if there is any changes from independent variables. Dependent variable in this research is income smoothing that measuring with using index smoothing.

Based on Eckel (1981) in Suwito and Herawaty (2005), index smoothing obtain with calculate coefficient variation of sales that divided with coefficient variation of income. If the result is more than one, so company can categorize in income smoothing company and if the result is less then one, so that company did not do income smoothing. Company that categorize did income smoothing, if:

$IS = CV_{sales}/CV_{income} > 1$ or $CV_{\Delta I} < CV_{\Delta S}$

Company that not categorize did income smoothing, if:

$IS = CV_{sales}/CV_{income} \leq 1_{or} CV_{\Delta I} > CV_{\Delta S}$

For got coefficient variation of sales value and coefficient variation of income value it can calculate with:

$CV_{Sales} = S_{Sales}/X_{Sales}$

$CV_{income} = S_{income}/X_{income}$

Abbreviation:

IS = Index Smoothing
CV_{Sales} = Coefficient Variation of Sales
CV_{income} = Coefficient Variation of Income
S_{Sales} = Standard Deviation of Sales
X_{Sales} = Means of Sales
S_{income} = Standard Deviation of Income
X_{income} = Means of Income

From index smoothing computation result that did to 57 manufacture companies in this research, there are 11 companies which has index smoothing more than one which mean they did income smoothing, whereas other 48 companies has index smoothing smaller or equal than one which mean they do not did income smoothing. Companies that categorize include in doing income smoothing can see in ensuing table:

Tabel 1. Company did income smoothing

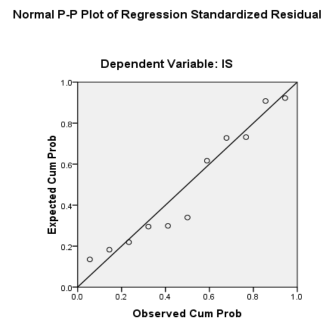
No.	COMPANY	CV SALES	CV INCOME	IS
1	Arwana Citra Mulia Tbk	0.27	0.21	1.28
2	Lion Metal Work Tbk	0.17	0.15	1.15
3	Ekadharma International Tbk	0.19	0.15	1.25
4	Delta Dunia Petroindo Tbk	1.60	0.45	3.55
5	Ricky Putra Globalindo Tbk	0.16	0.05	3.04
6	Davomas Abadi Tbk	0.46	0.39	1.17
7	Indofarma Tbk	0.30	0.24	1.22
8	Kimia Farma Tbk	0.13	0.10	1.33
9	Kalbe Farma Tbk	0.10	0.04	2.48
10	Pyridam Farma Tbk	0.38	0.15	2.55
11	Tempo Scan Pacific Tbk	0.11	0.04	2.54

RESULT AND DISCUSSION

Normality Testing

Before hypothesis testing, before hand normality testing to know there are data that will be testing has fulfill normality assumption or not should did. Normality testing that use in this research is normal probability plot graphic function.

Figure 2. Normal Probability Plot



Based on figure 2 above, can see that in normal probability plot for each variable has fulfill normality assumption. Data spread around diagonal line and follow diagonal line flow shown that verify variable has fulfilled normality assumption.

Multicollinearity Testing

Based on the result, seen there is no multicollinearity indication inter-independent variable. This because of correlation value inter-variable smaller than 0.9.

Coefficient Correlations[a]

Model			ROI.TA	ROI	TA
1	Correlations	ROI.TA	1.000	-.695	-.700
		ROI	-.695	1.000	.328
		TA	-.700	.328	1.000
	Covariances	ROI.TA	.000	.000	.000
		ROI	.000	.110	1.136
		TA	.000	1.136	108.505

a. Dependent Variable: IS

Heteroscedasticity Testing

Based on the result, seen there is no heteroscedasticity happen. Because sig value in coefficient table shown more than 0,05.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-5.424	3.206		-1.692	.134
	TA	-2.075	3.550	-.216	-.585	.577
	ROI	.227	.133	.737	2.006	.085
	ROI.TA	.000	.000	-.799	-1.643	.144

a. Dependent Variable: absolut

Autocorrelation Testing

Based on the result, Durbin-Watson value is 1,391. So it can say that there is no autocorrelation because fulfill the criteria which is there is no correlation if Durbin-Watson Value $-2 \leq DW \leq 2$.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.359[a]	.129	-.244	.98776	1.391

a. Predictors: (Constant), ROI.TA, ROI, TA

b. Dependent Variable: IS

Regression Model

According to anova table, the significant level is 0,794 (>0.05). From that result, the regression model in this research is unfavorable.

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.011	3	.337	.345	.794[a]
	Residual	6.830	7	.976		
	Total	7.841	10			

a. Predictors: (Constant), ROI.TA, ROI, TA

b. Dependent Variable: IS

Hypothesis Testing

Based on the data that calculated with SPSS then getting result of this research. According to Santoso (2004) criteria for decision making is:

a. If Probability 0,05 so H_0 acceptable
b. If Probability 0,05 so H_0 rejectable

Statistical calculations for hypothesis testing are as follow:

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.700	9.406		.393	.706
	TA	-8.842	10.417	-.440	-.849	.424
	ROI	-.051	.332	-.079	-.154	.882
	ROI.TA	.000	.000	.553	.811	.444

a. Dependent Variable: IS

Company Size Influence over Income Smoothing

From data testing in table 4.6, significant value is 0,882. Because the significant value is 0,882 > 0, 05 so H0 acceptable and H2 rejectable.it can conclude that regression coefficient company size influences over income smoothing is not significant. This can show that company size does not influence significantly over income smoothing.

Influence of Targeted Profitability and Company Size over Income Smoothing

From data testing in table 4.6, significant value is 0,444. Because the significant value is 0,444 > 0, 05 so H0 acceptable and H3 rejectable.it can conclude that regression coefficient influence of targeted profitability and company size over income smoothing is not significant. This can show that targeted profitability and company size does not influence significantly over income smoothing.

This research result conclude that there is no targeted profitability influence over income smoothing, be equal with research did by Suwito and Herawaty (2005) which is said that there is no significant influence from targeted profitability company over income smoothing. Also with Juniarti and Corolina (2005) said that targeted profitability factor does not influence the income smoothing practical. But, incompatible with research did by Jatiningrum (2000) which is said that targeted profitability is factor of income smoothing practical.

This research result that has conclusion about no company size influence over income smoothing, same with the research did by Suwito and Herawaty (2005), Juniarti and Corolina (2005), Jatiningrum (2000), and Salno and Baridwan (2000) which are said that there is no significant company size influence over income smoothing. But, incompatible with research did by Moses

(1987) which is found evidence that bigger companies has bigger encouragement doing income smoothing also compare with smaller companies.

This research result that has conclusion about targeted profitability and company size has not influence over income smoothing practical, is the same with research did by Suwito and Herawaty (2005) and Juniarti and Corolina (2005). According with Suwito and Herawaty (2005) there is no significant influence from targeted profitability and company size over income smoothing practical. Based on Junirati and Corolina (2005) targeted profitability and company size does not influence over income smoothing practical. Several things that bringing on the result not significant are as follow:

1. This research only using targeted profitability and company size variables.
2. Sample which is use in this research only manufacturing company listed in Bursa Efek Indonesia period 2015-2017.
3. Eckel index using in this research did because sample limit that use, so sample clasified to income smoothing and not income smoothing can influence over not significant of the result research.

CONCLUSION

The conclusions are as follow:

1. Targeted profitability company does not influence over income smoothing practical in manufactured company listed in Bursa Efek Indonesia period 2015-2017.
2. Company size does not influence over income smoothing practical in manufactured company listed in Bursa Efek Indonesia period 2015-2017.
3. Targeted profitability company and company size does not influence over income smoothing practical in manufactured company listed in Bursa Efek Indonesia period 2015-2017.

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