

ABSTRACT

The aims of this research was to find out what factors are influencing profitability in a company. Profitability is measured by Return on Equity (ROE) as the dependent variable, with the company's size (size), efficiency, liquidity, leverage, growth (growth), and Asset Turnover Ratio (ATR) as the independent variable in manufacturing company listed on the Indonesia stock exchange (idx). The research was distributed by the elaboration of the importance of knowing what factors affecting profitability especially for companies and investors to improve its profits. In addition there is also a difference in the results of some previous research about factors that affect the profitability of the company.

This study used a purposive sampling method by taking samples from the population manufacturing companies listed in BEI during the period 2014-2016. Further analyzed by multiple regression test.

The adjusted R Square value is 0.415, which means 41,5% ROE can be explained by the independent variables, GIS, TA, CR, ATR, and DER. Test results from the study showed five of the six independent variables i.e. size, efficiency, liquidity, growth, and ATR has a significant positive relationship towards the dependent variable ROE. So it can be concluded that all five variables becomes a factor to consider in improving company earnings especially ROE.

Keyword: profitability of companies, ROE (return On Equity), pecking order theory, debt to equity ratio, growth in sales, Assets Turnover Ratio