

ABSTRACT

This study aims to analyze the simultaneous relationship between growth and profitability in manufacturing companies listed on the Indonesia Stock Exchange in 2010-2015. In addition, this study also aims to determine the effect of leverage, productivity, company size and profitability to corporate growth, as well as the influence of leverage, asset usage efficiency, working capital efficiency, and company growth on profitability.

The sample used in this study is 98 manufacturing companies listed on the Indonesia Stock Exchange period 2010-2015. The sample is chosen by purposive sampling method. Data analysis method used is descriptive analysis, analysis of classical assumption test (normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test), simultaneous 2SLS model analysis, hausman test, and hypothesis test (F-statistic test, t-statistic test, coefficient of determination test).

The results showed that there was no simultaneous correlation between growth and profitability of the company, but the profitability had a significant positive effect on company growth, and growth also had a significant positive effect on company profitability level. The size of the company has a significant positive effect on company growth, while leverage has a significant negative effect on company growth, the productivity of the company has a negative effect and not significant to the growth of the company. Efficiency of total asset usage and efficiency of working capital have a significant positive effect on profitability, while leverage has a significant negative effect to company profitability level.

Keywords: growth, profitability level, leverage, firm size, efficiency, agency problem