ABSTRACT

Liquidity is the ability of the company to pay off current liabilities. Liquidity is important for the company because the company with a good level of liquidity will be more trusted by both external investors and creditors. Levels of corporate liquidity is affected by many factors such as profitability, firm size, receivable turnover, debt levels, and operating cycle. This research aims to study the effect of profitability, firm size, receivable turnover, debt ratio and the operating cycle of the food and Beverages Company's liquidity that go public in Indonesia Stock Exchange in the period 2007 to 2010. Analysis of the data sample used in this study is a multiple regression equation.

The population in this research is taken from food and beverage companies which enlisted in the BEI from year 2007 - 2010. The samples are obtained by using the purposive sampling method until only 16 companies left to be taken as samples in this research. This research uses regression analysis method to find the effect of independent variables, such as size, profitability, operating cycle, leverage, and company's sales growth.

The results of this study indicate that profitability has negative insignificant effect on liquidity as evidenced by t = -0.877 and significant level of 0.385> 0.05. Firm size has positive insignificant effect on liquidity, this is evidenced by the value of t = 0.467 or a significance of 0.642> 0.05. Receivables turnover has positive significant effect on liquidity, this is evidenced by the value of t = 2.323 or a significance of 0.024 <0.05. Debt ratios have positive insignificant effect on liquidity and proven with t value = 1.094 or a significance of 0.279> 0.05. Finally, the operating cycle has positive significant effect on liquidity and proven with t value = 7.461 or significance of 0.000 <0.05.

Keywords: liquidity, profitability, firm size, receivable turnover, debt ratio, operating cycle.