

ABSTRACT

A company is built with the goal of raising its value so that in the end it can profit the owner or the stockholders. So basically, to achieve the goal, a company always afford to obtain as much profit as it could. There are many factors that can affect the company's profitability rate. This research is dedicated to analyze whether or not the variables of liquidity, sales growth, working capital turnover, company size, and leverage have influence over the profitability rate of manufacturing companies in Indonesia.

The population of this research is every manufacturing company enlisted in the BEI at the year 2005-2009. The samples were obtained by using the purposive sampling method until only 15 companies were qualified as samples. This research used regression analysis method to find out the effect of independent variables, which are liquidity, sales growth, working capital turnover, company size, and leverage to the profitability rate (ROA) of the company.

The result of this research shows that the variable of liquidity has positive insignificant effect to the profitability, the variable of sales growth has negative insignificant effect to the profitability, the variable of working capital flow and company size has positive significant effect to the profitability, and the variable of leverage has negative significant effect to the profitability. So, only working capital turnover, company size and leverage have significant effect to the profitability rate of manufacturing companies enlisted in the BEI at year 2005-2009.

Keywords: Profitability, Financial Ratio