

.ABSTRACT

This research is performed to examine the effect of variable liquidity ratio as measured by Current Ratio (CR), leverage ratio as measured by Debt to Assets Ratio (DAR), activity ratio as measured by Inventory Turnover (IT), and profitability ratio as measured by Net Profit Margin (NPM) toward Net Income Growth (NIG) in retail trade companies those are listed in Indonesian Stock Exchange during period 2005 – 2009.

Sampling technique used here is purposive sampling with the following criteria as : (1) The company has been listed in Indonesian Stock Exchange during research period 2005 – 2009, (2) During research period, the company made an annual financial report and has been published in complete and broad, (3) During research period, the company must have positive net income. The data is obtained based on Indonesian Capital Market Directory (ICMD) that published in 2007 – 2010 for the research period from 2005 – 2009. By those criterions, 6 companies were obtained as samples from 15 companies. The analysis technique used here is multiple linear regression with Ordinary Least Square (OLS) method, the classic assumption examination, and hypothesis test using F-statistic to examine the effect of simultaneous regression coefficients and t-statistic to examine individual regression coefficients with level of significance 5%.

Based on normality test, multicollinearity test, heterokedasticity test, and autocorrelation test classic assumption deviation has not founded, this indicate that the available data has been qualified to use multiple linear regression equation model. The analysis result that the variables CR, DAR, and IT are individually negative significant toward NIG on the level of significant less than 5% respectively of 0,001, 0,011, and 0,006. But in the IT variable, the impact of negative significant toward NIG showed the opposite direction to the research hypothesis that IT has a positive impact toward NIG. Then, variable NPM individually has a positive impact toward NIG on the level of significant greater than 5% that is equal to 0,888.

Keywords : Current Ratio, Debt to Assets Ratio, Inventory Turnover, Net Profit Margin, Net Income Growth.