

ABSTRACT

This study is performed to examine the effect of Current Ratio, Inventory Turnover, Debt to Equity Ratio (DER), and Size toward Return on Asset (ROA) in food beverage and consumer goods companies those are listed in Indonesian Stock Exchange (ISX). The objective of this study is to scale and analyze the effect of the companies financial ratios performance (Current Ratio, Inventory Turnover, DER, Size) toward ROA in food beverage and consumer goods companies that is listed in ISX over period 2005-2007.

Sampling technique used here is purposive sampling on criterion the food beverage and consumer goods company that represents their financial report per December 2005-2007. The data is obtained based on Indonesian Capital Market Directory (ICMD 2008) publication. It is gained sample amount of 22 companies from 23 companies those are listed in Indonesian Stock Exchange. The analysis technique used here is multiple regression with the least square difference and hypothesis test using t-statistic to examine partial regression coefficient and f-statistic to examine the mean of mutual effect with level of significance 5%. In addition, classical assumption is also performed including normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. Chow test used to examine difference between the food and beverage and consumer goods companies performance.

From the analysis result, it indicates that Inventory Turnover and DER variable partially significant toward ROA of the food and beverage companies in ISX on 2005-2007 period on the level of significance less than 5%. Inventory Turnover and Size variable partially significant toward ROA of the consumer goods companies in ISX on 2005-2007 period on the level of significance less than 5%, while it indicates that Current Ratio variable partially not significant toward ROA of the food and beverage and consumer goods company in ISX on 2005-2007 period on the level of significance more than 5%. Based on result examination of hypothesis 9 shows that has difference between companies performance which the food and beverage and consumer goods in deciding policy of ROA.

Keywords: Current Ratio, Inventory Turnover, Debt to Equity Ratio, Size, and Return on Asset (ROA)