

ABSTRACT

The wrong investment decision will result in the company's profitability to decline. Phenomenon in Indonesia occurred in PT XL Axiata in 2014 who suffered losses due to capital expenditure (capex) of Rp 7 trillion, which is used to extend data services infrastructure financed through a combination of internal cash and debt. However, inversely proportional to PT Telkom Indonesia, which recorded a profit of Rp 14.638 trillion, up 3.05 percent compared to 2013 amounting to Rp 14.205 trillion, after building the network infrastructure.

This study aimed to analyze the Influence of liquidity, working capital efficiency, and Fixed Assets Investment towards profitability. The population in this study is a telecommunications company listed on the Indonesia Stock Exchange (BEI) in the period 2009 to 2014. The sample selection technique using purposive sampling and obtained five telecommunications companies that were included with the period of 6 years, so there are 30 samples were processed. Methods of data analysis in this research is multiple linear regression with descriptive statistical test and classical assumption test using SPSS 20, 2015.

The results showed that there is simultaneously a significant influence between liquidity (Current Ratio), Working Capital Efficiency (Working Capital Turnover), and Fixed Assets Investment (Fixed Asset Turnover) to Profitability (Return On Investment). Partially Liquidity (Current Ratio) significant positive effect on profitability (Return On Investment), Working Capital Efficiency (Working Capital Turnover) had no significant effect on profitability (Return On Investment) and Fixed Assets Investment (Fixed Asset Turnover) significant positive effect on profitability (Return On Investment).

Keywords : Current Ratio, Working Capital Turnover, Fixed Assets Turnover, Return On Investment