

ABSTRACT

Profitability is the ability of a company to earn profits in relation to sales, total assets and own capital. Profitability has an important meaning for the company because it is one of the bases for assessing the condition of a company. High levels of profitability reflect that business entities are able to work effectively and efficiently in their operational activities. Profitability ratio is a ratio to measure management effectiveness as a whole which is shown by the size of the level of profits obtained in relation to sales and investment.

This study aims to determine the current ratio variable, debt to equity ratio, total asset turnover, and inventory turnover. This study also aims to determine the effect of current ratio variables, debt to equity ratio, total asset turnover, and inventory turnover. This study also aims to determine the effect of the current ratio, debt to equity ratio, total asset turnover, and inventory turnover on the level of profitability in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015-2017.

The method of data collection in this study uses secondary data sources in the form of annual financial report documents in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015-2017. This study uses purposive sampling with the number of samples used as many as 31 companies. The analysis method in this study uses panel data regression method with Eviews 10 software.

Based on the test results, the current ratio variable, debt to equity ratio, total asset turnover, and inventory turnover simultaneously have a significant effect on the level of profitability. Partially it can be concluded that the current ratio and total asset turnover have a significant positive effect on the level of profitability. While the debt to equity ratio and inventory turnover do not have a significant effect on the level of profitability.

Based on these results, companies and investors need to pay attention to the value of current assets and total asset turnover. So that the company can convince shareholders and investors can minimize the risk when making their capital.

Keywords : Current Ratio, Debt to Equity Ratio, Total Asset Turnover, Inventory Turnover, and Profitability