ABSTRACT

THE EFFECT OF WORKING CAPITAL AND DEBT TO EQUITY RATIO (DER) TO PROFITABILITY

(Case Study at PT PINDAD (Persero). At Machining Department)

The research was conducted on PINDAD PT (Persero) which has a double function as a support HANKAMNAS in terms of industrial development as well as Military and commercial providers in the widest sense of the word - luanya. Examples of areas of commercial production are generators, machine tools, water brake, casting products, forging products, hook rails, crane ships, machine tools, electric motors, and circuit breaker. The purpose of this study was to determine the amount of Working Capital and DER, as well as labor and capital relations Debt to Equity Ratio (DER) on profitability as measured by profit margin on PINDAD PT (Persero), either partially or simultaneously.

The method used in this research is descriptive method verifikatif. The sample used in the study using purposive sampling method is the annual financial statements PINDAD PT (Persero) in 2004-2010 as many as seven fruit samples. To determine the relationship Working Capital and Debt to Equity Ratio (DER) of profitability used Pearson correlation. To determine the amount of Working Capital and Debt to Equity Ratio (DER) of profitability used Multiple Linear Regression Analysis. Testing the hypothesis in this study using a statistical F test statistic t two parties and two parties with the test $\alpha = 0.05$. The process of statistical analysis using SPSS 17.0 for Windows

The results of these studies show that working capital on profitability has a strong relationship with the direction of negative working capital means that if the resulting rise, profitability will decline, while the variable Debt to Equity Ratio (DER) has a strong relationship with the positive direction with increasing DER means the profitability produced goes up. Furthermore, simultaneous variables Working Capital and Debt to Equity Ratio (DER) significant effect on profitability means if working capital DER down then up and the resulting profitability will fall.

Keywords: Working Capital, Debt to Equity Ratio (DER), Profitability