ABSTRACT

Effect of Capital Structure and Working Capital Turnover on Profitability In Telecommunication Company listed in Indonesia Stock Exchange 2008-2013 period

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Profitability is the level of the company's ability to measure the effectiveness of management as calculated by the profit generated from sales and investment companies. Profitability is affected by capital structure and working capital turnover. The phenomenon that occurs in the telecommunications company is in a period of decline in profitability when the capital structure and working capital turnover increase.

This study aimed to analyze the effect of capital structure by using indicators Debt to Equity Ratio and working capital turnover using indicator Working Capital Turnover on profitability through indicators Return on Assets, The method used in this research is descriptive method of verification, samples used in this study was 5 Telecommunication Company listed on the Indonesia Stock Exchange (cross section) and 6 years of financial statement data (time series) so the amount in this study were 30 data (the data pool) and analysis tool used is multiple linear regression analysis, the classical assumption test, Normality Test, Test Multicolinearity, Heteroskidastity Test, Test Auto correlation, partial correlation coefficient, coefficient of determination, the hypothesis test using t-test and test-f.

The results showed that the partial effect of capital structure (DER) on profitability (ROA) of -2.6%, Working Capital Turnover (WCT) to Profitability sebesara 84.6%. While jointly (simultaneously), Capital Structure (DER) and Working Capital Turnover (WCT) have an influence on profitability (ROA) by 82% and the remaining 18% are influenced by other factors.

Keywords: Capital Structure, Working Capital Turnover, Profitability