ABSTRACT
Advisor : Drs. Agus Sucipto, M.M.
Keywords : Liquidity, Profitability

There are 5 telecommunication companies in Indonesia listed in IDX during the period 2011: PT. Indosat Tbk, PT. Telekomunikasi Indonesia Tbk, PT XL Axiata Tbk, PT Smartfren Telecom Tbk and PT Bakrie Telecom Tbk. The companies have equities to operate their activities. The liquidity and profitability has inverse correlation. There is a tendency for profitability to decrease when the liquidity increases and vice versa. If the companies pay to much attention to the profitability, then the liquidity tend to decrease. The objective of the research is to determine simultaneous and partial correlation between liquidity and profitability of telecommunication companies listed in IDX during the period 2006-2011.

The research uses quantitative method and explanatory approach. It is a population research which uses 5 research objects. Data is collected by reviewing the documents. The research uses multiple linear regressions. Independent variable consists of Current Ratio (X1), Acid Test Ratio (X2), Cash Ratio (X3). Dependent variable consists of profitability items: Profit Margin (Y1), Net Profit Margin (Y2) and Return on Investment (Y3).

For Gross Profit Margin, the variables of Current Ratio (X1), Acid Test Ratio (X2), and Cash Ratio (X3) simultaneously have significant effects on Gross Profit Margin. It indicates that the existence of the Current Ratio will increase the profitability of the company while the acid test ratio and cash ratio will reduce the profitability. For Net Profit Margin, the variables of Current Ratio (X1), Acid Test Ratio (X2), and Cash Ratio (X3) simultaneously have no significant effect with level of significance 0.468>0.005. Likewise, Current Ratio (X1), Acid Test Ratio (X2), and Cash Ratio (X3) variables partially have no significant effects on the Net Profit Margin. For Return on Investment, variables of Current Ratio (X1), Acid Test Ratio (X2), and Cash Ratio (X3) simultaneously has no significant effect with level of significance 0.732>0.005. Likewise, the variables of Current Ratio (X1), Acid Test Ratio (X2), and Cash Ratio (X3) partially has no significant effect on Return of Investment.