

ABSTRACT

THE ROLE OF INFORMATION ON FINANCIAL RATIO IN THE PREDICTION OF PROFIT GROWTH IN MANUFACTURING COMPANIES LISTED AT THE INDONESIA STOCK EXCHANGE

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The purpose of the research conducted by the author was to obtain empirical evidence that: (1) the effect of liquidity ratio to profit growth, (2) the effect of solvency ratio to profit growth, (3) the effect of activity ratio to profit growth, (4) the effect of profitability ratio to profit growth, (5) the effect of operating cash flow to profit growth.

The data used in this research is the data of manufacturing companies listed in Indonesia Stock Exchange during the 2008-2012 period. The method of sample selection in this research is purposive sampling method. The sampled population is a population that meet certain criteria in order to obtain a representative sample in accordance with predetermined criteria. The sample used was 200 company sample data. This research uses multiple regression to analyze the data.

The result of the research demonstrate that: (1) negatively affect the liquidity ratio of the profit growth, (2) solvency ratios does not affect the profit growth, (3) activity ratio does not have a positive effect on profit growth, (4) profitability ratio positively affect the profit growth, (5) operating cash flow does not affect the profit growth.

Keywords: profit growth, liquidity ratio, solvency ratio, activity ratio, profitability ratio, operating cash flow.