

ABSTRACT

Currently, investment activities are very popular with the people of Indonesia and become one of the aspects that can affect economic development in a region. The telecommunications sector is one of the sectors whose stocks show positive movements. One of the ways to determine the capability of a company is to look at the level of profitability of the company. Profitability can be influenced by factors originating from outside the company such as interest rates, inflation, and exchange rates which are generally used as benchmarks for the economy. Meanwhile, there are also factors that come from within the company itself and are usually related to decision making and strategies to be carried out such as leverage, DER, company size, and company age.

This research aims to determine the effect of Interest Rate, Inflation, DER, Company Size, and Company Age on Profitability. This study uses classical assumption testing to provide certainty that the model formed can provide a BLUE estimate (Best, Linear, Unbiased, Estimator).

This research is included in quantitative research with a research sample of four companies that publish complete quarterly financial reports on the IDX for five consecutive years from 2016-2020. This research is a causal descriptive type using the analytical method used is multiple linear regression. Data processing was carried out by F-test and t-test using SPSS version 25.0.

The results of this study prove that interest rates, inflation, DER, company size, and company age simultaneously have a significant effect on the profitability of telecommunications sub-sector companies listed on the IDX in 2016-2020. Partially, DER, company size, and company age have a significant effect, however, interest rates and inflation have no significant effect on the profitability of the telecommunications sub-sector companies listed on the IDX in 2016-2020.

Keywords: interest rate, inflation, debt to equity ratio, company size, company age, profitability