

ABSTRACT

In a company, capital structure is a very important aspect for the smooth running of its business ventures. The capital structure that is divided into internal capital and external capital must be managed properly in order to become an optimal capital structure. In large trading sub-sector companies, most companies use external capital as a source of corporate funds. This shows that companies are more likely to use debt to fund all operational activities. This can be said to be good if the company still pays attention to the risks in using debt

This study also aims to determine the effect of profitability (ROA), asset structure (SA), company growth (GROWTH), business risk (BEPR), and company activities (TATO) on capital structure both simultaneously and partially. The popularity of this research is that the large trading sub-sector companies listed on the Indonesia Stock Exchange in the period 2013-2018.

The sample selection technique used purposive sampling and obtained 21 companies. The research model used is descriptive statistics and panel data regression analysis using Eviews 9.0 software. Based on the test results, profitability variables, asset structure, company growth, business risk, company activity and capital structure show different data properties. In the profitability variable, company growth, business risk and capital structure have varied data properties. While the variable structure of assets and company activities have the nature of grouped data.

From this study the results obtained are a combination of the independent variable profitability, asset structure, company growth, business risk, and company activity able to explain variations of the independent variable namely capital structure of 9.5083% and the remaining 90.4917% explained by other factors not involved in this research.

Besides profitability, asset structure, company growth, business risk, and company activities simultaneously have a significant effect on capital structure. Partially, it can be concluded that company growth has a significant negative effect on capital structure. Asset structure has a significant positive effect on capital structure. While profitability, business risk, and company activities do not affect the capital structure.

Keyword : Capital Structure, Profitability, Asset Structure, Company Growth, Business Risk, and Company Activities