

ABSTRACT

The purpose of this study is to determine what factors can affect leverage in manufacturing companies in Indonesia and Japan. This study also aims to determine whether the direction of leverage factor determinants of developing countries and developed countries the same or there are differences. In this research use the basic idea of trade-off theory and pecking order.

The sample used in this research is manufacturing companies in Indonesia and Japan. The sampling technique of this research using purposive sampling. The number of sample manufacturing companies in Indonesia that meet the kiriteria of 71 companies and the number of samples of manufacturing companies in Japan that meet the criteria of 1284 companies. The analysis tool used is panel data regression Fixed Effect Least Square Dummy Variable.

From the results of the research shows that in manufacturing companies in Indonesia, the variable size has a positive and significant impact on long-term debt, total debt, negatively and significantly affect the short-term debt. The profitability variable has a negative and significant effect on short-term debt, long-term debt, and total debt. The variable tangibility has a positive and significant effect on long-term debt. The growth variable has positive and significant effect on short-term debt. The results of research on Japanese manufacturing companies of variable size have a positive and significant effect on long-term debt, total debt, negatively and significantly influence on short-term debt. The profitability variable has a negative and significant effect on short-term debt, long-term debt, and total debt. The variable tangibility has a positive and significant effect on short-term debt, long-term debt, and total debt. The growth variable has positive and significant impact on short-term debt, long-term debt, and total debt.

Keywords: leverage, short term debt, long term debt, total debt, size, profitability, tangibility, growth, fixed effect, least squares dummy variable, relationship direction.