ABSTRACT

The Increasingly competitive business competition requires companies to optimize the development and use of their resources to improve company performance. Determining the capital structure is important in helping the company's capital planning to produce optimal output from the available funds. However, each source of capital funds has its own advantages and disadvantages, so it is necessary to consider the variables that can influence it.

This study was conducted to analyze the effect of sales growth, liquidity, firm size, and profitability as independent variables on capital structure as a dependent variable, and tangible assets as a control variable. The sampling method used was the purposive sampling technique. The number of samples used was 28 consumer goods companies listed on the IDX in 2016-2020. Testing the hypothesis of this study using multiple linear regression with the IBM SPSS Statistics 25.

The results showed that the variable sales growth (SG) had an insignificant negative effect on the debt to equity ratio (DER) variable. The variable current ratio (CR) has a significant negative effect on the variable debt to equity ratio (DER). The firm size variable has a significant positive effect on the debt to equity ratio (DER) variable. The return on assets (ROA) variable has a significant negative effect on the debt to equity ratio (DER) variable. Tangible asset (TA) as a control variable increases the influence of the independent variable on the debt to equity ratio (DER) as evidenced by the results of the determinant coefficient of 34.9%, an increase without using the control variable of 25.4%.

Keywords: *Sales Growth (SG), Liquidity (CR), Size, Profitability (ROA), Capital Structure (DER), Tangible Asset (TA).*