

## ABSTRACT

The decision to choose the source of financing is a financial decision that most important for the company. Any funding decisions require financial managers to consider the benefits and costs of funding sources to be selected for each source of funds have different financial consequences. Capital structure can be defined as a special mix between debt and equity (own capital) a company which is used to fund its operations. Capital structure shows the balance amount of debt that is still short, long-term debt, preferred stock and common stock.

The purpose of this study is to investigate and examine the influence of *Asset Structure, Profitability, Non-debt Tax Shields, Cash Holding, Sales Growth, Firm Size, Liquidity, and Age of The Firms* to Capital Structure of Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) for the years 2004 to 2009. This study used a sample of 34 manufacturing companies using purposive sampling method. The sample in accordance with the criteria specified as many as 34 companies are manufacturing by using pooled data method so that the study sample (n) obtained are 204 observation data. On testing normality of observed data have to undergo the removal of 4 outliers, the data used observational data to be as many as 200 data observations. The analysis technique used is multiple regression to test the classic assumption made in advance of normality test, multicollinearity, autocorrelation test and the heteroscedasticity test. Hypothesis testing is done by using F-test and t-test. Test hypothesis using a t-statistic for testing the partial regression coefficient and the f-statistic to test the effect together with the level of significance of 5%.

The results showed simultaneous *Asset Structure, Profitability, Non-debt Tax Shields, Cash Holding, Sales Growth, Firm Size, Liquidity, and the Age of The Firms* to Capital Structure of partially while variables influencing the capital structure is the *Asset Structure, Non-debt Tax Shields, Cash Holding, Sales Growth, Fim Size, and Liquidity*. *Profitability* variables and *Age of the Firms* partially not affect the capital structure. Adjusted R square value of 0.503. This means that 50.3% of the capital structure of the dependent variable can be explained by eight independent variables while the remaining amount of 49.7% explained by the capital structure variable or other causes outside the model.

**Keywords:** *Capital structure, asset structure, profitability, non-tax debt Shields, Cash Holding, Sales Growth, Firm Size, Liquidity, and the Age of the Firms.*