

ABSTRACT

This study aims to analyze and provide empirical evidence about the effect of business risk, non debt tax shield, dividend payout ratio, and tangibility asset on debt using. Several previous studies showed varying results. To obtain valid results, then doing a test on each variable based on the hypothesis constructed.

The samples used were selected by purposive sampling method. A population was 148 manufacturing companies listed in Indonesia Stock Exchange. After reduced with some criteria, 34 companies identified as samples. Observation period was 2010 to 2012, so the total number of sample used was 102 samples. Multiple regressions were used to examine the hypothesis.

The results indicate that business risk, non debt tax shield, and tangibility asset are significantly affect the debt using. On the other side, dividend payout ratio has no effect on the debt using.

Keywords : pecking order theory, agency theory, trade-off theory, signalling theory, debt using, business risk, non debt tax shield, dividend payout ratio, tangibility asset