Abstract

Capital is very important for the firm to operate the activities and also expanding the operation, so the firm must pay more attention for the capital structure. Capital structure is the proportion between uses debt or equity. In specifying optimal capital structure, we must consider many things influencing it. The purpose of this research is to prove the effect of profitability, firm size, non debt tax shield, dividen payout ratio, and liquidity of manufacture firms listed on BEI with periods 2007-2010 using some indicator to each research variable, so besides can prove the effect of the factors that predicted effect the capital structure also be able to known the validity and realibility of the indicator.

Based on purposive sampling are found 33 firms, resulting 132 data pooling. This research used five independent variables: profitability, firm size, non debt tax shield, dividen payout ratio, and liquidity The method of analysis used to analyze the factors that influence capital structure is a multiple linear regression analysis and hypothesis test used t-statistic for testing the partial regression coefficient and the f-statistic to test the effect simultaneously at level of significance 5%.

The result of this research finds three independents variable have significant effect on capital struture and two independents variable have not significant effect on capital structure. Three independents variable have significantly effect on capital structure in this research: (i) profitability is that of negative significant, (ii) non debt tax shield is that of negative significant, (iii) liquidity is that of negative significant. Two independents variable have not significantly effect on capital structure in this research: (i) firm size, (ii) dividen payout ratio. All of this variable significant affected the capital structure simultaneously, with the sum of the effect was 48,7%.

Keywords: capital structure, profitability, firm size, non debt tax shield, dividen payout ratio, and liquidity.