ABSTRACT

Leverage is one of the alternative funding from outside the company who can provide advantages and disadvantages for the company. This study aims to analyze the influence of the independent variables that include profitability, fixed tangiable assets, growth opportunities, institutional ownership, liquidity and firm size and control variabel which is number of subsidiaries, on the other hand leverage is as a dependent variable. Trade-Off Theory used to support the hypothesis in this study.

This study uses secondary data derived from ICMD and the annual report, involving 33 companies listed on the Indonesia Stock Exchange in the period 2009 to 2012. Sampling using purposive sampling method with the provisions of the company's annual report and have issued a positive net income during the study period. Using the method of pooled data so obtained sample of 132 observations. Data analysis using regression analysis which includes normality test, multicollinearity test, autocorrelation test and heterocedastisity test. While hypothesis testing carried out by F test and t test.

The test results found partially that profitability, growth opportunities, liquidity, firm size and number of subsidiaries, have a impact on leverage while tangiable fixed assets and institutional ownership not significantly affect the leverage. Adjusted R square obtained from this study is 0.512. This indicates that 51.2 percent of the dependent variable which is leverage can be explained by the six independent variables are profitability, fixed assets tangiable, growth opportunities, institutional ownership, liquidity, and firm size and one control variabel is number of subsidiaries, while the remaining 48.8 percent is explained by the variable other than this model.

Keywords: Profitability, Fixed Tangiable Assets, Growth Opportunities, Institutional Ownership, Liquidity, Firm Size And Number Of Subsidiaries.