

## ABSTRACT

### ANALYSIS OF INNOVATION WITH CAPITAL STRUCTURE IN TELECOMMUNICATIONS SECTORS IN INDONESIA STOCK EXCHANGE LISTING OF 2007-2013

This study aims to determine the development of the capital structure, the development level of innovation and how the effect of capital structure on the level of innovation. This research was conducted in the telecommunications sector listed on the Indonesia Stock Exchange (IDX) in the period 2007-2013. The method used is a panel data regression using. Testing the hypothesis with the coefficient of determination and F test. The results showed a significant effect of capital structure on the level of innovation. Overall (average) telecommunication company's capital structure negatively affect the level of innovation. At PT. Telecommunications Indonesia, Tbk and PT. XL Axiata Tbk capital structure negatively affect the level of innovation. While the PT. Indosat, Tbk, PT. Bakrie Telecom Tbk, and PT. Smartfren Telecom, Tbk, positive effect on the level of innovation.