

ABSTRACT

Pecking order theory states that companies with high profitability and company size tend to rely on their own capital and do not depend on external funding sources or debt. Corporate considerations in determining capital structure and also investors in made the decision to bought shares are often considered signals from the condition of profitability, asset structure and company size. This is to made lowest risk possibility.

This study aims to obtain empirical confirm of the capital structure which influenced by profitability, asset structure, and company size. The population in this study are food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2013-2017. Sample selection using purposive sampling technique selected 10 companies with a period of 5 years so that 50 observational samples were observed. Data analysis using panel data and using Eviews 10 software.

The results of this study indicate that 89.16% capital structure is simultaneously influenced by profitability, asset structure, and company size variables. While 10.84% is influenced by other variables not included in this model. Then, partially, profitability has negative effect and significant effect on capital structure, asset structure has positive but no significant effect on capital structure, and company size has negative effect and significant on capital structure.

Keyword: *asset structure, capital structure, company size, profitability.*