

ABSTRACT

The tight competition in the era of globalization requires companies to be able to maximize their value to remain competitive with other companies. The decision on the formation of capital structure is one of the important decisions that can maximize the value of the company. When the process of forming an optimal capital structure, it is very important for financial managers to pay attention to the determinants of the capital structure.

This study aims to determine the effect of profitability variables, company growth, company size, asset structure, non-debt tax shield, and business risk on capital structure variables. The population of this research is the infrastructure, utility, and transportation sector companies listed on the Indonesia Stock Exchange during the 2013-2018 period.

Purposive sampling is a method applied in research sampling, where 216 samples were obtained consisting of 36 companies with 6 years of the research period, namely 2013-2018. The regression model used is panel data regression using Eviews 10 software.

The results revealed that the variable profitability, company growth, company size, asset structure, non-debt tax shield, and business risk simultaneously had a significant effect on capital structure variables. The company growth variable and company size partially have a significant negative effect on the capital structure variable, while the profitability variable, asset structure, non-debt tax shield, and business risk partially do not affect the capital structure.

Based on the results of the study, investors are advised to invest in companies that are large and have high growth rates or companies with low debt levels to obtain optimal capital structure to produce maximum profits. The company management is advised to increase the company's growth rate and increase the size of the company to obtain an optimal capital structure and be able to attract investors to invest in the company.

Keywords: *Asset Structure, Business Risk, Capital Structure, Company Growth, Company Size, Non-debt Tax Shield, Profitability*