ABSTRACT

In carrying out its business activities, each company requires large investments with large funding requirements to be able to produce high-quality products and services so that they remain superior and can survive in business competition. Fulfillment of company capital can be sourced from internal and external funding of the company. Capital structure is very closely related to determining the magnitude of the proportion between debt and capital in its use as a source of funding for a company.

The capital structure is a reflection of long-term debt and own capital which is used as a source of funding by the company. This study intends to examine whether factors of profitability, asset structure, company size, liquidity, business risk and sales growth affect capital structure.

This study uses data obtained from financial statement data, namely the financial statements of property companies, real estate, and construction of the 2013-2018 period. The population of this research is property, real estate, and building construction companies listed on the IDX with samples selected based on purposive sampling. The method of data analysis in this study is panel data regression.

The results showed that simultaneous profitability, asset structure, company size, liquidity, business risk, and sales growth had a significant effect on capital structure. Partially, profitability, asset structure, and business risk do not significantly influence the capital structure. While company size, liquidity, and sales growth have a significant effect on capital structure.

For investors who will choose to invest in property sector companies, they should choose companies that are large, have liquidity, and high sales growth.

Keywords: Capital structure, Profitability, Asset Structure, Company Size, Liquidity, Business Risk, Sales Growth