

ABSTRACT

In the industrial era 4.0, business competition is very tight, so this requires companies to maximize their value in order to compete with their rivals. One way a company can maximize its company value is by optimizing the formation of its capital structure. When forming an optimal capital structure, it is important for financial managers to pay attention to the determinants of the capital structure.

This study aims to determine the effect of diversification, profitability, firm size, asset structure, and managerial ownership variables on the capital structure variable. The population of this study is the insurance and other sub-sector companies listed on the Indonesia Stock Exchange in the 2014-2019 period.

Purposive sampling is a method that is implemented in research sampling, where a total of 102 research samples are obtained consisting of 17 companies with a 6-year research period, namely 2014-2019. The regression model used in this study is panel data regression using EViews 10 software.

The results of the study reveal that the variables of diversification, profitability, firm size, asset structure, and managerial ownership simultaneously have a significant effect on the dependent variable, namely capital structure. Variables of diversification and company size partially have a significant negative effect on the capital structure variable, while the variables of profitability, asset structure, and managerial ownership partially do not affect the capital structure.

Based on the results of the study, investors are advised to invest in companies that are large in size and have a high level of diversification as well. This is done in order to obtain an optimal capital structure so as to generate maximum profits. The management of the company is advised to increase the level of diversification and enlarge the size of the company in order to obtain an optimal capital structure and attract investors to invest in the company.

Keywords: *Diversification, Managerial Ownership, Profitability, Structure Assets, Company Size.*