

## **ABSTRACT**

*Capital structure can provide an overview of the company's financial ratio between equity and long-term debt. Capital structure is the ratio between debt and equity. The capital structure related to a company's long-term financing can be measured by the comparison between long-term debt and capital.*

*This study aims to determine the effect of profitability, liquidity, firm size, business risk, growth, and asset tangibility on the capital structure of basic and chemical industry sector companies listed on the Indonesia Stock Exchange for the 2016-2023 period.*

*The research method used is a quantitative method. The regression model used is dynamic panel data regression with the Generalized Method of Moment (GMM) estimator using Eviews 12 software. The sample selection technique used is purposive sampling with 43 company samples obtained with a period of 8 years so that 344 observation data were obtained.*

*The results of hypothesis testing show that simultaneously profitability, liquidity, company size, business risk, company growth, and asset tangibility simultaneously affect the capital structure. The variables of profitability, firm size, business risk, and asset tangibility partially have a significant effect on the capital structure. While the variables of liquidity and growth partially do not affect the capital structure.*

*For further research, it is recommended to use different research objects such as the industrial, energy, logistics, property and real estate sectors to expand the scope of the research and it is recommended to develop other periods and independent variables such as leverage, non-debt tax shield and others.*

*Keywords: Profitability, Liquidity, Company Size, Business Risk, Company Growth, Asset Tangibility, Capital Structure, Generalized Method of Moment (GMM)*