ABSTRACT

ANALYSIS OF FACTORS THAT INFLUENCE THE CAPITAL STRUCTURE IN PHARMACEUTICAL COMPANY-COMPANY LISTED IN INDONESIA STOCK EXCHANGE (IDX) PERIOD 2005-2009

By

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The problem of capital structure is an important issue for any company because it has a direct impact on the company's financial position. In addition, capital structure conditions play a large role in influencing investors' valuation of the company. Company size, growth, profitability and liquidity are factors - factors that influence capital structure decisions. The problem is "Does firm size, firm growth, profitability and liquidity also affects the capital structure of the pharmaceutical companies that Go-Public in Indonesia Stock Exchange (IDX), the period of 2005-2009"?. This study aims to analyze the factors affecting the company's capital structure. The sample company is a pharmaceutical company listed on the Stock Exchange and the study period were used that in the year 2005-2009.

Research carried out on seven pharmaceutical companies using time series data from 2005 to 2009 year-end financial statements and the cross section which is called the pooling of data. The dependent variable used is the capital structure and the independent variables are firm size, firm growth, profitability and liquidity. Test equipment used is regression testing tool to see the huge contribution of each independent variable, both simultaneously and partially in influencing the dependent variable.

The test results showed that simultaneous four independent variables affect the capital structure in pharmaceutical companies listed on the Stock Exchange amounted to 41.80% with a confidence level of 99%. Partially negative effect of firm size 0.078 with 98% confidence level, growth has positive assets amounted to 0.607 with 98% confidence level, negatively affects the profitability of 0.485 with a confidence level of 97% and the positive effect of liquidity amounting to 0.052 with a confidence level of 95 %.

Keywords: capital structure, firm size, firm growth, profitability, and Liquidity