

**FACTORS THAT INFLUENCE CAPITAL STRUCTURE OF  
INDONESIAN FIRMS IN CONSUMER GOODS INDUSTRY AT  
THE JAKARTA STOCK EXCHANGE.**

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**Abstract**

**Objectives**

Basically, this is an empirical study regarding the factors that influence the capital structure. This study has several objectives to be accomplished. The main objective of this research is to determine several factors that expected have impact to the capital structure of companies in Indonesia. Each factor will be tested in order to figure out is there any relationship with leverage of companies or not. Secondly, this study also examines the financial data that used to proxy each independent variable. The last objective is to analyze how those factors influence the capital structure of companies in Indonesia.

**Method**

The method used in this study is content analysis. The sample of analysis includes 34 companies which involve in consumer goods industry in Indonesia that officially listed in Jakarta Stock Exchange.

**Results and Conclusions**

The preliminary and tentative findings of this study conclude that first of all, there is a significant relationship between the growth of companies and the leverage. Second, the size of companies is not significantly related to the leverage. Third, there is no significant correlation between the company's profitability and the leverage. Fourth, there is no significant relationship between the operating risk and the leverage of companies. Fifth, the level of payout of companies is not significantly related to the leverage. Sixth, growth is the only factor that determines the capital structure of companies. Seventh, there are seven financial data that used by the writer in order to proxy each variable. Finally, based on the statistical result, growth does have influences to the capital structure of consumer goods companies in Indonesia.

**Key words**

Capital structure, influence, consumer goods industry, Indonesia.

## Preface

First of all, the writer would like to express his gratitude to God for the blessing and guidance regarding the completion of this thesis. This thesis titled **FACTORS THAT INFLUENCE CAPITAL STRUCTURE OF INDONESIAN FIRMS IN CONSUMER GOODS INDUSTRY AT THE JAKARTA STOCK EXCHANGE** is prepared to fulfill the final requirements in order to obtaining the Sarjana Degree from the Accounting School of Bina Nusantara University.

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The writer hopes that this thesis would be useful for future references in the field of Capital Structure. Furthermore, the writer realizes that this thesis is far away from perfect, thus any critics and suggestions would be very much appreciated. Finally, the writer hopes that this thesis may bring benefits to the fellow students and readers.

Jakarta, February 15<sup>th</sup> 2008

The Writer

Hendra Wijaya

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