

# **CAPITAL STRUCTURE DECISION DECISION ANALYSIS: A Study on Indonesian Companies Included in the LQ 45 Index**

**by Winarno, Naning Margasari, Musaroh, and Mega Murti Andhini**

## **ABSTRACT**

Determining the source of funds and their balance is one of the important decisions in financial management. This decision has not yet produced a conclusive conclusion, so it is still interesting to further study. There have been many theories and studies that discussed the capital structure; consequently, the purpose of this study was to determine and analyze the influence of the factors influencing the capital structure either partially or simultaneously. The success of determining what variables determine the capital structure would help managers/financial directors make strategic decisions; so, this study used company variables (size), tangible assets (tangible assets), profitability, growth opportunities, non-debt tax shield, risk, liquidity, company age, and agency costs to be the determinant of capital structure decision.

The type of research is quantitative research methods and classified as causality research. The population in this study are all manufacturing companies listed on the Indonesian Stock Exchange during the 2017-2021 period. The sampling technique in this study was purposive sampling technique and obtained 66 companies used as samples. This research uses Multiple Linear Regression analysis technique.

The results showed that firm size, assets, profitability, liquidity, agency and age affect the capital structure. This is indicated by the significance of the t value being smaller than the 5% alpha value. Partially, growth and non-debt tax shield and risk variables have no effect on capital structure.

*Kata Kunci: capital structure, Tangible Asset, Non-Debt Tax Shield size, regression.*