

ABSTRAKSI

Capital is very important for the firm to operate the activities and also for expanding the operation, so the firm must pay more attention for the capital structure. Capital structure is the proportion between uses debt or equity. In specifying optimal capital structure, we must consider many things influencing it. Theory that explains capital structure are balance theory, pecking order theory, and agency theory.

The purpose of this research is to prove the effect of growth opportunity, operating leverage, deviden, profitability, and firm size on capital structure, using regression model and some indicator to each research variabel so besides can prove the effect of the factors that predicted effect the capital structure, we also be able to known the validity and reliability of the indicator.

The data of tjis research is obtained from Indonesian Capital Market Directory with the criterion (1) manufacturing business listed in BEJ from year 2004 up to 2006, (2) publising annual financial statement during the periods, and (3) all data needed in research is available in the annual financial statement. The total sample is 26 company. The result of this study indicates that the profitability and firm size have a positif affect on leverage, and we find no evidence that growth opportunity, operating leverage, and deviden effect leverage.

Keyword : Capital structure, leverage, regression model, pecking order theory.