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***DETERMINANTS OF CAPITAL STRUCTURE STUDIES OF CONSUMER
GOODS INDUSTRY IN INDONESIA***

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ABSTRACT

This research is conducted to provide evidence on the impact of profitability, liquidity, growth, cash flow volatility, institutional ownership, and firm size on a firm capital structure. The object researched is consumer goods firms in Indonesia that is listed in the Indonesian Stock Exchange. Based on the findings of the panel data analysis during the period 2014-2016, profitability exhibits statistically positive significant relationship with capital structure while liquidity, cash flow volatility, and institutional ownership exhibits a statistically negative significant relationship with capital structure, finally size and growth exhibits a negative but insignificant relationship with capital structure. The theories that are used in this research are the pecking order theory, agency cost, and trade-off theory and results of this research also support those theories.

Keywords: Capital structure, profitability, liquidity, growth, cash flow volatility, institutional ownership, firm size