

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

By

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2-1553-009

MASTER'S DEGREE  
in

BUSINESS ADMINISTRATION  
BUSINESS ADMINISTRATION AND HUMANITIES

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July 2017  
Revision after the Thesis Defense on 12 August 2017

### STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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## ABSTRACT

### DETERMINANTS OF CAPITAL STRUCTURE IN CONSUMER GOODS INDUSTRY IN INDONESIA

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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.*



## DEDICATION

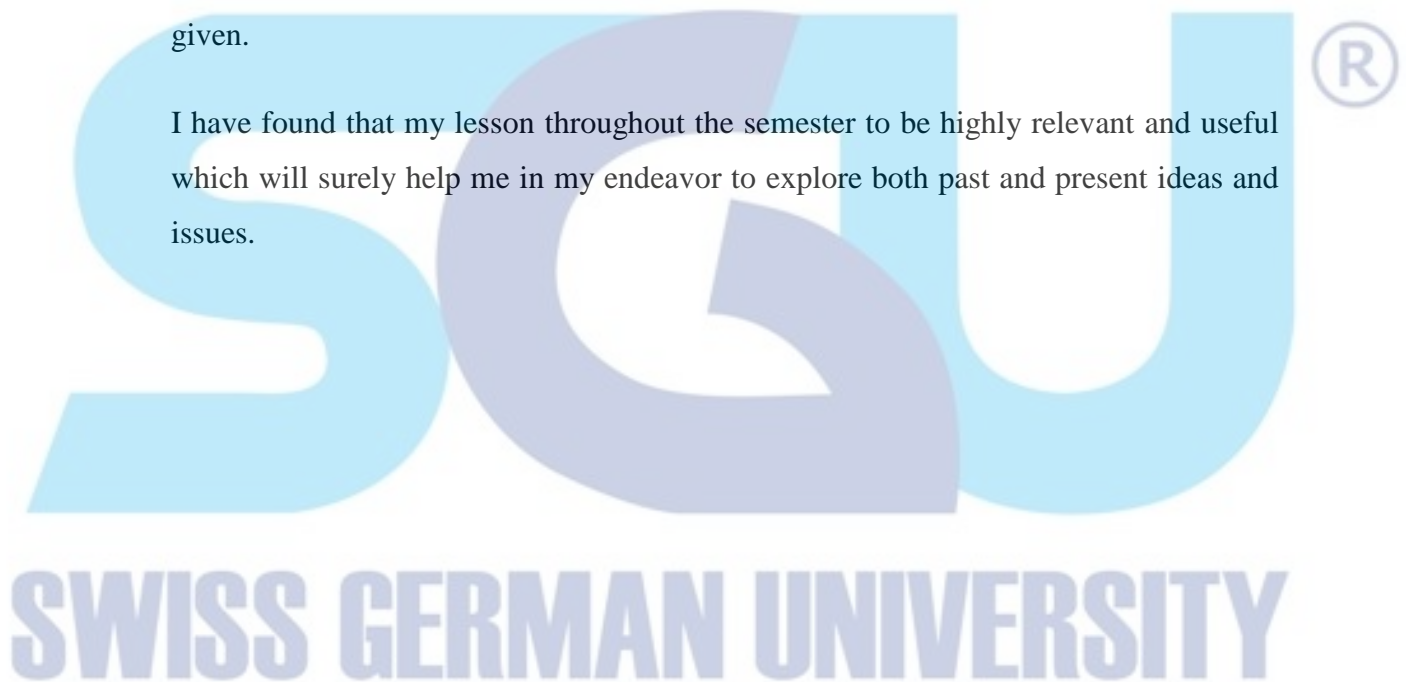
I dedicate this for all the friends, families and everyone that has helped through the process of making this thesis.



## ACKNOWLEDGEMENTS

In this opportunity I would like to thank Dr. Antonius Siahaan who is acting as my advisor for helping throughout the process of creating this thesis, and also Dr. Yosman Bustaman who is my co advisor that has enable me to complete this thesis. This thesis cannot be done without the help, guidance, and support that they have given.

I have found that my lesson throughout the semester to be highly relevant and useful which will surely help me in my endeavor to explore both past and present ideas and issues.



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